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LEGISLATIVE HISTORY

Public Law 468--81st Congress

Chapter 77--2d Session

H. R. 7207

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URGENT DEFICIENCY APPROPRIATION ACT, 1950. Contains the following items, among others: Control of emergency outbreaks of insects and plant disease, E&PQ, \$1,000,000, to remain available until September 30, 1950; control of forest pests, \$750,000, to remain available until December 31, 1950; emergency flood control, Army Department, \$1,000,000; salaries and expenses, Office of the Housing Expediter, \$4,000,000, of which \$2,600,000 shall be available for the payment of terminal leave only; and Tennessee Valley Authority, \$11,682,500.

INDEX AND SUMMARY OF HISTORY ON H. R. 7207

January 26, 1950	The estimates upon which the bill is based are contained in House Document No. 456, and 455.
January 30, 1950	Hearings: House, H. R. 7207.
February 8, 1950	House Committee on Appropriations reported H. R. 7207. House Report 1614. Print of the bill as reported.
February 9, 1950	House debated and passed H. R. 7207 without amendment. During the debate Rep. Murray urged that provision be made for human use of surplus food commodities. pp. 1788-9.
February 10, 1950	Print of H. R. 7207 as referred to the Senate Committee on Appropriations.
February 16, 1950	Hearings: Senate, H. R. 7207.
February 27, 1950	Senate Committee reported H. R. 7207 with amendments. Senate Report 1287. Print of the bill as reported. Print of an amendment proposed by Senator Douglas.
February 28, 1950	Print of an amendment proposed by Senator Long.
March 8, 1950	Senate began debate Print of an amendment proposed by Senator O'Mahoney.
March 9, 1950	Senate debated and passed H. R. 7207 with amendments. Agreed to Sen. O'Mahoney amendment to provide \$2,200,000 for control of emergency outbreaks of insects and plant diseases, and increase authorization for the purchase of airplanes. pp. 3139-40. Senate conferees appointed. Print of the bill with the amendments of the Senate numbered.
March 14, 1950	House conferees appointed.
March 20, 1950	House received and agreed to the conference report. House Report 1794.
March 21, 1950	Senate agreed to the conference report.
March 27, 1950	Approved. Public Law 468.

SUPPLEMENTAL ESTIMATES OF APPROPRIATION, CONTRACT
AUTHORIZATION, AND PROPOSED PROVISIONS AND INCREASES
IN LIMITATIONS PERTAINING TO EXISTING APPROPRIATIONS

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

SUPPLEMENTAL ESTIMATES OF APPROPRIATION FOR THE FISCAL
YEAR 1950 IN THE AMOUNT OF \$354,453,000 AND CONTRACT
AUTHORIZATION IN THE AMOUNT OF \$15,000,000, TOGETHER
WITH CERTAIN PROPOSED PROVISIONS AND INCREASES IN
LIMITATIONS PERTAINING TO EXISTING APPROPRIATIONS

JANUARY 27, 1950.—Referred to the Committee on Appropriations, and ordered
to be printed

THE WHITE HOUSE,
Washington, January 27, 1950.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration of the Congress supplemental estimates of appropriation for the fiscal year 1950 in the amount of \$354,453,000 and contract authorization in the amount of \$15,000,000, together with certain proposed provisions and increases in limitations pertaining to existing appropriations.

The details of the estimates, the necessity therefor, and the reasons for their submission at this time are set forth in the letter of the Director of the Bureau of the Budget and the attachment thereto, transmitted herewith, in whose comments and observations thereon I concur.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., January 27, 1950.

The PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration supplemental estimates of appropriation for the fiscal year 1950 in the amount of \$354,453,000 and contract authorization in the amount of \$15,000,000 for various agencies in the executive branch.

In addition, there are submitted certain proposed provisions and increases in limitations pertaining to existing appropriations.

Drafts of proposed appropriation language and the details of the various estimates, together with the reasons for their submission at this time, are set forth in the attachment to this letter.

The estimates have been carefully reviewed, and I recommend the transmission thereof to the Congress in the amounts specified.

Respectfully yours,

FRANK PACE, Jr.,
Director of the Bureau of the Budget.

ITEMS INCLUDED IN THE CONSOLIDATED SUPPLEMENTAL ESTIMATE

The Judiciary:	
Salaries of judges.....	\$225, 000
Salaries of clerks of courts.....	135, 000
Salaries of criers.....	40, 100
Miscellaneous salaries.....	143, 000
Travel expenses.....	140, 000
Salaries of court reporters.....	55, 000
Total, the Judiciary.....	<u>738, 100</u>
Independent offices:	
Civil Service Commission: Salaries and expenses.....	Language
National Advisory Committee for Aeronautics: Construction, Unitary Wind Tunnel Plan Act.....	5, 000, 000
Contract authorization.....	(15, 000, 000)
National Capital Housing Authority: Maintenance and operation of properties.....	4, 000
Office of the Housing Expediter: Salaries and expenses.....	3, 600, 000
Veterans Administration:	
Pensions.....	232, 000, 000
Military and naval insurance.....	402, 000
Veterans miscellaneous benefits.....	24, 600, 000
Total, independent offices.....	<u>265, 606, 000</u>
Federal Security Agency:	
Social Security Administration: Bureau of Public Assistance:	
Grants to States for public assistance.....	46, 000, 000
Office of the Administrator:	
Salaries, Office of the General Counsel.....	27, 500
Surplus property disposal and utilization.....	144, 000
Total, Federal Security Agency.....	<u>46, 171, 500</u>
Housing and Home Finance Agency:	
Administrative expenses, Home Owners' Loan Corporation..	(235, 000)
Annual contributions, Public Housing Administration.....	1, 943, 000
Department of Agriculture:	
Agricultural Research Administration:	
Bureau of Entomology and Plant Quarantine: Control of emergency outbreaks of insects and plant diseases..	2, 200, 000
Control of forest pests.....	4, 500, 000
Rural Electrification Administration: Salaries and expenses..	385, 000
Commodity Credit Corporation: Administrative expenses...	(420, 000)
Total, Department of Agriculture.....	<u>7, 085, 000</u>
Department of Commerce:	
Coast and Geodetic Survey: Salaries and expenses, departmental.....	146, 000
Bureau of Foreign and Domestic Commerce: Departmental salaries and expenses.....	155, 000
Patent Office: Salaries and expenses.....	360, 000
Total, Department of Commerce.....	<u>661, 000</u>

Department of Defense: Department of the Army:	
Military functions: Salaries, Department of the Army-----	Language
Civil functions, Corps of Engineers:	
Flood control, general-----	\$1, 000, 000
Flood control, general (emergency fund)-----	4, 000, 000
Total, Department of Defense-----	5, 000, 000
Department of the Interior: Bureau of Reclamation: Reclamation	
fund: Construction:	
San Luis Valley project, Colorado-----	630, 000
Lewiston Orchards project, Idaho-----	245, 600
Total, Department of the Interior-----	875, 600
Department of Labor:	
Office of the Secretary:	
Salaries and expenses-----	47, 000
Salaries and expenses, Office of Solicitor-----	207, 000
Salaries and expenses, Bureau of Labor Standards-----	19, 000
Wage and Hour Division: Salaries and expenses-----	1, 352, 000
Total, Department of Labor-----	1, 625, 000
Post Office Department:	
Departmental Service:	
Contingent expenses-----	400, 000
Field Service:	
Office of the First Assistant Postmaster General:	
Unusual conditions-----	5, 000
Carfare and bicycle allowance-----	330, 000
Office of the Second Assistant Postmaster General:	
Railroad and messenger service-----	16, 292, 000
Foreign-mail transportation-----	1, 164, 000
Advances to air carriers-----	5, 000, 000
Office of the Third Assistant Postmaster General:	
Stamps and stamped paper-----	1, 000, 000
Indemnities, domestic mail-----	350, 000
Office of the Fourth Assistant Postmaster General:	
Pneumatic-tube service-----	46, 800
Transportation of equipment and supplies-----	160, 000
Total, Post Office Department-----	24, 747, 800
Total, appropriations-----	354, 453, 000

DETAIL OF SUPPLEMENTAL APPROPRIATION ESTIMATES FOR FISCAL YEAR 1950

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated out of any money in the Treasury not otherwise appropriated, to supply supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, namely:

THE JUDICIARY

OTHER COURTS AND SERVICES

SALARIES OF JUDGES

For an additional amount for "Salaries of judges," \$225,000.

SALARIES OF CLERKS OF COURTS

For an additional amount for "Salaries of clerks of courts," \$135,000.

SALARIES OF CRIERS

For an additional amount for "Salaries of criers," \$40,100.

MISCELLANEOUS SALARIES

For an additional amount for "Miscellaneous salaries," \$143,000.

TRAVEL EXPENSES

For an additional amount for "Travel expenses," \$140,000.

SALARIES OF COURT REPORTERS

For an additional amount for "Salaries of court reporters," \$55,000.

The amounts required for the foregoing appropriations are needed to meet the costs of Public Law 205 (81st Cong.) creating 6 additional judgeships in the court of appeals and 21 additional judgeships in the district courts of the United States; salary increases approved by the Judicial Conference comparable to those authorized by Public Law 429 (81st Cong.); and increased travel allowances authorized pursuant to Public Law 92 (81st Cong.).

INDEPENDENT OFFICES

CIVIL SERVICE COMMISSION

SALARIES AND EXPENSES

The limitation imposed by section 103 of the Independent Offices Appropriation Act, 1950, on the amount available for travel expenses under this head, is increased from "\$252,013" to "\$400,000".

Under the terms of section 103 of the Independent Offices Appropriation Act, 1950, the maximum amount which the Civil Service Commission can expend for travel in 1950 is \$252,013. Under authority of Public Law 92 (81st Cong.), per diem travel rates have

been increased. In addition, the investigative work load, which requires considerable travel, is greater than had been anticipated at the time the 1950 estimate was submitted to the Congress. Since it has been determined that the actual cost of the additional travel can be absorbed from the current appropriation, no additional funds are required.

NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS

CONSTRUCTION, UNITARY WIND TUNNEL PLAN ACT

For construction, equipment of facilities, acquisition of not to exceed 600 acres of land adjacent to the Langley Aeronautical Laboratory, Langley Air Force Base, Virginia, and installation of utilities, as authorized by the Act of October 27, 1949 (Public Law 415), \$5,000,000, to remain available until expended; and, in addition, the Committee is authorized to enter into contracts for the purposes of this appropriation in an amount not to exceed \$15,000,000.

This supplemental estimate is required to initiate at the earliest possible date, and continue through June 30, 1951, the construction of certain supersonic wind tunnels authorized by the Unitary Wind Tunnel Plan Act of 1949, approved October 27, 1949. It includes \$3,500,000 for the construction of small supersonic wind tunnels at universities; \$16,000,000 for starting the construction of a large supersonic wind tunnel at the Ames Aeronautical Laboratory at Moffet Field, Calif.; and \$500,000 for the design and purchase of land for a supersonic wind tunnel planned for construction at the Langley Aeronautical Laboratory at Langley Air Force Base, Va. The wind tunnels to be constructed at universities are required for research and for training of aeronautical scientists in the supersonic field. The wind tunnels to be built at National Advisory Committee for Aeronautics laboratories are to be used, primarily by industry, for the development of military aircraft and missiles.

The urgency of the national defense considerations that led to the passage of the Unitary Wind Tunnel Plan Act of 1949 requires that the construction contemplated in this estimate be begun as soon as possible.

NATIONAL CAPITAL HOUSING AUTHORITY

MAINTENANCE AND OPERATION OF PROPERTIES

For an additional amount for "Maintenance and operation of properties," \$4,000.

The additional amount is required because of emergency repair and replacement of heating equipment, \$2,685; increased costs of exterior painting of dwellings, \$915; and pay increases authorized by Public Law 429 (81st Cong.), \$400.

OFFICE OF THE HOUSING EXPEDITER

SALARIES AND EXPENSES

For an additional amount for "Salaries and expenses, Office of the Housing Expediter," \$3,600,000.

The Independent Offices Appropriation Act, 1950, included \$17,500,000 for administration of rent control. This amount was based upon an assumption that work load would be substantially reduced by decontrol actions.

Between April 1 and December 31, 1949, decontrol actions involving 2.4 million dwelling units were approved. During this period 230 of the 599 defense rental areas were completely decontrolled. It is apparent that the need in other areas for dwelling units at rentals within the means of the middle- and lower-income groups, especially in large population centers, has not been met. Consequently, controls have been retained and legislation has been recommended to extend rent control until June 30, 1951.

The additional appropriation of \$3,600,000, including \$390,000 for pay increases as authorized by Public Law 429 (81st Cong.), is required to permit adequate administration of rent control through June 30, 1950.

VETERANS' ADMINISTRATION

PENSIONS

For an additional amount for "Pensions," \$232,000,000, to remain available until expended.

This appropriation covers payments of compensation to veterans or dependents of veterans in connection with service-connected disability or death, payments of pensions to veterans or dependents of veterans in connection with non-service-connected disability or death, payments of subsistence allowances to disabled veterans in training, and other allowances.

Latest available data indicate that insufficient funds are available in the current fiscal year to make payments to all eligible beneficiaries. The need for additional funds is due in part to the enactment of Public Laws 339 and 436 by the last session of Congress, which grant increased benefits to veterans and dependents of veterans for service-connected disability or death.

MILITARY AND NAVAL INSURANCE

For an additional amount for "Military and naval insurance," \$402,000, to remain available until expended.

This appropriation covers payments on World War I war risk insurance cases, and payments to the United States Government life-insurance trust fund on account of costs incident to the extra hazard of military or naval service. Funds available for the current fiscal year are not sufficient to meet current estimates of the payments to be made.

VETERANS' MISCELLANEOUS BENEFITS

For an additional amount for "Veterans' miscellaneous benefits," \$24,600,000, to remain available until expended.

This appropriation covers allowances for burial expenses, payments for tuition, supplies, and equipment for disabled veterans in training, and housing grants for certain seriously disabled veterans.

Latest available data indicate that insufficient funds are available in the current fiscal year to meet all obligations now estimated to be incurred. The largest factor involved is the enactment of Public Law 286 (81st Cong.), which broadened the scope of the housing grants for disabled veterans, and which has not been reflected in previous budgetary estimates.

FEDERAL SECURITY AGENCY

SOCIAL SECURITY ADMINISTRATION

GRANTS TO STATES FOR PUBLIC ASSISTANCE

For an additional amount for "Grants to States for public assistance," \$46,000,000.

The Congress made available \$1,058,000,000 for this appropriation in the Labor-Federal Security Appropriation Act, 1950. The funds provided were based on estimated requirements under titles I, IV, and X of the Social Security Act. The number of recipients of public assistance is increasing at a higher rate than was anticipated in the original estimate. The need for the additional \$46,000,000 is due almost entirely to this factor.

OFFICE OF THE ADMINISTRATOR

SALARIES, OFFICE OF THE GENERAL COUNSEL

For an additional amount for "Salaries, Office of the General Counsel," \$27,500, together with additional amounts of not to exceed \$500 to be transferred from the appropriation "Salaries and expenses, certification and inspection services," and not to exceed \$5,200 to be transferred from the Federal old-age and survivors insurance trust fund.

Public Law 357, approved October 14, 1949, effected many substantial changes in the Federal Employees' Compensation Act. This will require the revision of adjudicatory formulas and a sizable increase in legal determinations. The estimate includes \$19,000, on a part-year basis, for additional staff to cover the increased work as a result of the amended law. The remaining \$8,500 is to cover the cost of changes in pay scales authorized under Public Law 429 (81st Cong.) for all personnel paid from this appropriation.

In addition, revision is proposed in the appropriation text to increase the transfer limitations currently authorized from other funds to cover pay-scale changes of the personnel chargeable.

SURPLUS PROPERTY DISPOSAL AND UTILIZATION

For expenses necessary for carrying out the provisions of subsections 203 (j) and (k) of the Federal Property and Administrative Services Act of 1949, relating to disposal of real and personal excess property for educational purposes and protection of public health, including personal services in the District of Columbia and services as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), \$144,000: Provided, That the Federal Security Administrator is authorized to transfer from this appropriation to other appropriations of the Federal Security Agency such sums as may be necessary to carry out the purposes of this appropriation.

This estimate is for the purpose of carrying out the responsibilities assigned to the Federal Security Agency in the field of surplus property disposal and utilization under the Federal Property and Administrative Services Act of 1949 (Public Law 152, approved June 30, 1949).

HOUSING AND HOME FINANCE AGENCY

HOME OWNERS' LOAN CORPORATION

The amount made available under this head in title II of the Independent Offices Appropriation Act, 1950, for administrative expenses of the Home Owners' Loan Corporation, is increased from "\$1,823,250" to "\$1,858,250"; and the amount made available under said head for expenses in connection with the termination or liquidation of accounts carried on the books of the Corporation is increased from "\$300,000" to "\$500,000."

The Home Owners' Loan Corporation is liquidating its mortgage loan accounts by sale to private institutions as rapidly as possible. Present market conditions are favorable for such sales. The recommended increase of \$200,000 in the limitation on expenses in connection with these sales will enable the Corporation to further accelerate its final liquidation by selling a larger number of accounts during the current fiscal year.

Effective November 13, 1949, Home Owners' Loan Corporation employees were administratively granted pay increases comparable to those authorized for classified civil-service employees by Public Law 429 (81st Cong.). These pay increases will require an increase of \$35,000 in the Corporation's administrative expense limitation for the current fiscal year.

PUBLIC HOUSING ADMINISTRATION

ANNUAL CONTRIBUTIONS

For an additional amount for "Annual contributions," \$1,943,000.

The Housing Act of 1949 (Public Law 171) authorizes contractual provisions permitting local housing authorities to make payments in lieu of taxes to the governing bodies of the localities in amounts up to 10 percent of shelter rent. The \$5,000,000 appropriated in the Independent Offices Appropriation Act, 1950, included provision for payments in lieu of taxes at rates lower than those authorized by Public Law 171. The increased payments resulting from the new Housing Act will amount to about \$3,280,000 for the fiscal year 1950.

Approximately \$1,337,000 of local housing authority rental income will be available for these payments resulting in an additional appropriation requirement for annual contributions of \$1,943,000.

DEPARTMENT OF AGRICULTURE

AGRICULTURAL RESEARCH ADMINISTRATION

BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE

Control of Emergency Outbreaks of Insects and Plant Diseases

For an additional amount for "Control of emergency outbreaks of insects and plant diseases," \$2,200,000, *to remain available until September 30, 1950; and the limitation under this head in the Department of Agriculture Appropriation Act, 1950, on the purchase of airplanes, is increased from "three" to "six".*

As a result of extensive surveys completed in December 1949, the Department now has information available which indicates that the control of grasshoppers will be a major problem in the western half

of the United States in 1950. It appears now as though infestations of epidemic proportions must be anticipated in at least 14 States, involving both crop and range lands. The most critical areas again this year are in the northern Great Plains region and include the extensive semiarid range lands east of the Rocky Mountains where grasshoppers have been increasing at an alarming rate for the past 3 years. Equally destructive but less extensive outbreaks are expected as far south as Texas and west to California.

To enable the Department to again assist States in protecting the livestock industry of the range areas of the West, and to reduce populations of grasshoppers in these areas so that they will not disperse and cause even greater losses in high value crop areas, it is estimated that the use of Federal funds amounting to a total of \$3,050,000 will be necessary during the 1950 control season. That sum would be available from two sources: \$850,000 from the regular appropriation contained in the 1951 Budget for "Control of emergency outbreaks of insects and plant diseases"; and \$2,200,000, the amount here recommended.

CONTROL OF FOREST PESTS

FOREST PEST CONTROL ACT

For an additional amount for "Forest Pest Control Act," \$4,500,000, *to remain available until December 31, 1950.*

Serious infestations of forest insects, including spruce budworm, bark and pine beetles, are occurring to a large extent on Federal timberland in five western States. The intensity and extent of the infestations are far greater than was anticipated when funds were requested for the fiscal year 1950.

It is essential that work go forward at an accelerated rate during the 1950 control season if greater losses of timber and increased future control costs are to be averted.

RURAL ELECTRIFICATION ADMINISTRATION

SALARIES AND EXPENSES

For an additional amount for "Salaries and expenses," including personal services in the District of Columbia, \$385,000, of which \$30,000 shall be transferred to and made a part of the appropriation for "Office of the Solicitor."

The Supplemental Appropriation Act, 1950, appropriated \$250,000 for the Rural Electrification Administration to administer the rural telephone program if H. R. 2960 were enacted in the first session of the Eighty-first Congress. This bill became law on October 28, 1949 (Public Law 423). The foregoing sum was appropriated to meet administrative costs of initiating the telephone program. It now becomes necessary to provide an additional sum of \$265,000 to administer this program to the end of the current fiscal year and \$120,000 to meet increased pay costs authorized during the last session of Congress.

COMMODITY CREDIT CORPORATION

The limitation under this head in the Department of Agriculture Appropriation Act, 1950, as amended by the Second Supplemental Appropriation Act, 1950, on the amount available for administrative expenses of the Corporation, is increased from "\$15,000,000" to "\$15,420,000".

An increase of \$420,000 will be required in the administrative expense limitation of the Commodity Credit Corporation to provide for increased administrative costs arising from the enactment of Public Law 429 (81st Cong.), and from a recent decision of the Comptroller General of the United States which requires the Corporation to pay rent at the seat of government for space occupied by personnel of the Production and Marketing Administration, based on the services which that Administration performs for the Corporation.

DEPARTMENT OF COMMERCE

COAST AND GEODETIC SURVEY

SALARIES AND EXPENSES, DEPARTMENTAL

For an additional amount for "Salaries and expenses, departmental," \$146,000; and the limitation under this head in the Department of Commerce Appropriation Act, 1950, on personal services, is increased from "\$3,230,000" to "\$3,376,000".

This estimate includes \$90,000 for increased pay extended to lithographic employees of the Coast and Geodetic Survey by wage-board action effective July 24, 1949. Rates of pay for this group of employees are based on prevailing wage rates, and the increases in these rates were not foreseen in the 1950 Budget. The remaining amount of \$56,000 is included for increased pay costs authorized by Public Law 429 (81st Cong.). The estimate also makes provision for increasing the limitation on the amount available for personal services in keeping with the additional requirements for increased pay.

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

DEPARTMENTAL SALARIES AND EXPENSES

For an additional amount for "Departmental salaries and expenses," \$155,000.

Since the submission of the 1950 Budget, legislation has been enacted (Public Law 307, 81st Cong.) prescribing the procedures for the administration of the reciprocal trade agreements program. This estimate is necessary to provide \$65,000 to enable the Department to carry out its responsibilities under that legislation. In addition, \$90,000 is included for the cost of pay increases authorized under Public Law 429 (81st Cong.).

PATENT OFFICE

SALARIES AND EXPENSES

For an additional amount for "Salaries and expenses," \$360,000.

This estimate is necessary to provide \$200,000 to meet an increase in charges by the Government Printing Office, effective July 1, 1949, for the printing of patent and trade-mark specifications and the Official Gazette. The increase in printing charges was not anticipated at the time the 1950 Budget was submitted to the Congress. The balance of \$160,000 is necessary to cover the cost of pay increases authorized by Public Law 429 (81st Cong.).

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY—MILITARY FUNCTIONS

DEPARTMENTAL SALARIES AND EXPENSES

Salaries, Department of the Army

Section 702 of the National Military Establishment Appropriation Act, 1950, is amended by striking out:

Salaries:

Secretary of the Army-----	\$3, 141, 639
Chief of Staff-----	7, 450, 965
Judge Advocate General-----	579, 426
Chief of Finance-----	1, 455, 399
Quartermaster General-----	6, 808, 340
Chief of Transportation-----	2, 935, 930
Chief Signal Officer-----	2, 471, 176
Provost Marshal General-----	134, 852
Chief of Engineers-----	3, 789, 316
Chief of Ordnance-----	4, 040, 904
Chief of Chemical Corps-----	750, 000

and inserting in lieu thereof:

Salaries----- \$47, 389, 622

Section 702 of title VII of the National Military Establishment Appropriation Act, 1950, limits the amounts to be obligated or expended from each of the above-enumerated items of appropriation for departmental salaries of the Department of the Army and consequently requires that each of these items be accounted for separately. In title III of the act, under the head "Salaries, Department of the Army," authority was provided to enable all items of appropriation for the departmental salaries of the various organizational units to be accounted for as one fund. Thus, under the existing provisions of law, some of the items of appropriation for departmental salaries must be accounted for separately by organizational units, whereas the other remaining items for these purposes are regarded as one appropriation.

The above amendment is recommended in order to permit all the items of appropriation for departmental salaries to be accounted for on a uniform basis as one appropriation and to achieve the administrative flexibility thus provided. It will not change the total amount now available for these purposes.

DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS

CORPS OF ENGINEERS

Flood Control

Flood control, general

For an additional amount for "Flood control, general," \$1,000,000, to remain available until expended.

The hurricane that passed over Lake Okeechobee, Fla., in August 1949 was the most severe since completion of the Federal levees on the southern and eastern shores of the lake in 1936. While no direct levee failure occurred as a result of the hurricane, the structures were weakened by erosion at a number of points and it is essential that they be repaired and strengthened to forestall a serious break during another storm of equal or greater intensity and thereby prevent a disaster of major proportions in the area. Immediate repairs were made to the structures at some of the most critical points with the use of available funds. Additional funds in the amount of \$1,000,000 are required at the earliest practicable date in order to insure that the

remaining repair work of an urgent nature may be completed prior to the 1950 hurricane season.

Flood control, general (emergency fund)

For an additional amount for "Flood control, general (emergency fund)," as authorized by the Flood Control Act of 1948 (Public Law 858, approved June 30, 1948), \$4,000,000, to remain available until expended.

Prolonged rainfall over the middle Mississippi River Basin has resulted in serious floods and severe damages to locally constructed levee systems along tributaries of the Ohio River, notably the Wabash River, and along the St. Francis and White Rivers in Arkansas and Missouri. Flood stage on the Mississippi River at Cairo, Ill., has approached that of 1937, which was the maximum of record. All the remaining presently available funds have been used to assist local interests in carrying out emergency operations during the floods. Additional funds in the amount of \$4,000,000 are necessary to prevent, insofar as possible, a recurrence of widespread damage and human suffering in the above-named areas as well as to provide for emergency measures in other parts of the country, as required, through the repair, restoration, and strengthening of critically damaged levees and other flood-control works.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

RECLAMATION FUND

The following sums are appropriated out of the reclamation fund created by the Act of June 17, 1902, as follows:

Construction

For additional amounts for "Construction," to remain available until expended, as follows:

San Luis Valley project, Colorado, \$630,000;

Lewiston Orchards project, Idaho, \$245,600.

Construction of the Platoro Dam, principal feature of the Conejos Division, San Luis Valley project, Colorado, is proceeding under a contract awarded May 5, 1949. Original estimates of progress and contract earnings are being exceeded, however, and supplemental funds in the amount of \$630,000 are now required for contract earnings and related costs during the balance of fiscal year 1950, in order to avoid cessation of construction activities.

Construction of the Lewiston Orchards project, Idaho, is under way and now nearing completion. Contract earnings under the going contract and incidental costs for the water-treatment works are estimated to exceed funds now available for 1950 by the amount of \$71,600. Additional work to be placed under contract at an estimated cost of \$174,000, on Reservoir "A" outlet works and on Clearwater Reservoir, is required for completion of the project. Supplemental funds in the total amount of \$245,600 are required at this time to prevent cessation of construction activities under the going contract and to avoid the additional overhead costs which would result from deferring completion of the project beyond the current working season. A corresponding reduction of \$245,600 in the estimate of appropriation for "Construction and rehabilitation," included in the 1951 Budget, is being transmitted by separate letter.

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

For an additional amount for "Salaries and expenses," \$47,000.

SALARIES AND EXPENSES, OFFICE OF THE SOLICITOR

For an additional amount for "Salaries and expenses, Office of the Solicitor," \$207,000.

SALARIES AND EXPENSES, BUREAU OF LABOR STANDARDS

For an additional amount for "Salaries and expenses, Bureau of Labor Standards," \$19,000.

WAGE AND HOUR DIVISION

SALARIES AND EXPENSES

For an additional amount for "Salaries and expenses," \$1,352,000.

The Fair Labor Standards Amendments of 1949 are effective January 25, 1950. This statute places on the Department of Labor a responsibility for prompt revision of existing wage-hour and child-labor regulations and interpretative bulletins to make them conform to changes made in coverage and exemptions and other revised provisions of the law. These regulations and bulletins are general guides to employers and employees respecting application of the law in particular circumstances. The number of inspections of subject establishments must be increased materially, particularly in areas and industries in which many employees may now be receiving less than the new minimum of 75 cents per hour. Inspections serve to provide assistance to employers in complying with statutory requirements, prevent unfair competition based upon noncompliance with minimum standards, and protect workers from exploitation in accordance with the policy of the act. Effective administration of the Fair Labor Standards Amendments of 1949 requires additional amounts in the appropriations listed above.

Also included are amounts for pay increase costs required under Public Law 429 (81st Cong.); for increased travel and per diem as authorized in Public Law 92 (81st Cong.); for an unanticipated increase in the number of requests for minimum wage determinations under the Davis-Bacon Act and related statutes; and for within-grade salary advancements in the Wage and Hour Division.

POST OFFICE DEPARTMENT

(Out of the postal revenues)

DEPARTMENTAL SERVICE

CONTINGENT EXPENSES

For an additional amount for "Contingent expenses," \$400,000; *and the limitation under this head in the Post Office Department Appropriation Act, 1950, on travel expenses of the purchasing agent and of the solicitor and personnel connected with those offices, is increased from "\$10,500" to "\$14,300".*

Of the total supplemental estimate, \$380,000 is to provide for the higher cost of printing and for a greater quantity of forms estimated to be needed for special service transactions. An additional \$4,400

is needed to meet higher travel costs. The remaining amount of \$15,600 is required to provide for supplies and equipment for the research and development program authorized by Public Law 231 (81st Cong.) and for the Office of the Deputy Postmaster General authorized in Reorganization Plan No. 3. The change in the limitation on travel expenses of the Solicitor and the Purchasing Agent and the personnel of their offices is necessary to provide for the increased travel allowances authorized by Public Law 92 (81st Cong.).

FIELD SERVICE

OFFICE OF THE FIRST ASSISTANT POSTMASTER GENERAL

Unusual Conditions

For an additional amount for "Unusual conditions," \$5,000.

This supplemental estimate is required to pay for moving equipment at third-class post offices, an expense previously paid by postmasters from their personal funds. The change in allocating these expenses is based on a ruling by the Comptroller General, dated January 15, 1948. These additional requirements were not provided for in the original estimate for fiscal year 1950.

Carfare and Bicycle Allowance

For an additional amount for "Carfare and bicycle allowance," \$330,000.

This supplemental estimate is required to provide for increases in public transportation rates and greater use of transportation by city delivery carriers resulting from expanding city delivery service.

OFFICE OF THE SECOND ASSISTANT POSTMASTER GENERAL

Railroad and Messenger Service

For an additional amount for "Railroad and messenger service," \$16,292,000.

The major part of this supplemental estimate for the fiscal year 1950 is to meet unanticipated costs of transporting nonlocal mail. The remainder results from increases in contract costs for mail messenger service, side service, and special railroad contracts.

Foreign Mail Transportation

For an additional amount for "Foreign mail transportation," \$1,164,000 and the proviso under this head in the *Post Office Department Appropriation Act, 1950*, is amended to read as follows: "Provided, That not to exceed **[\$2,000]** \$10,000 is hereby made available for expenses of delegates designated by the Postmaster General to the *Sixth Congress of the Postal Union of the Americas and Spain*, The Executive and Liaison Commission and the Transit Commission of the Universal Postal Union, to be expended in the discretion of the Postmaster General and accounted for solely on his certificate."

This supplemental estimate results from a higher volume of foreign parcel post, other than Economic Cooperation Administration gift parcels, than was previously estimated. The proposed proviso is necessary to make available sufficient funds for the travel expenses of approximately ten delegates on about April 1, 1950, to the convention in Lima, Peru, and for travel expenses for three delegates at each of the Commission meetings in Montreux, Switzerland, in May 1950.

Advances to Air Carriers

For an additional amount for the revolving fund for advances to air carriers (established in the Post Office Department Appropriation Act, 1949, under the head "Balances due foreign countries"), \$5,000,000 to remain available until expended.

This supplemental estimate is needed to provide additional funds for the revolving fund "Advances to air carriers." This fund at present has a capital of \$5,000,000 which is insufficient because of the length of time required by the United States to collect amounts due United States air carriers from foreign countries for services performed.

OFFICE OF THE THIRD ASSISTANT POSTMASTER GENERAL

Stamps and Stamped Paper

For an additional amount for "Stamps and stamped paper," \$1,000,000.

This supplemental estimate is required to provide for price increases in the unit costs of stamped envelopes of about 19 percent and of postage stamps of about 17 percent.

Indemnities, Domestic Mail

For an additional amount for "Indemnities, domestic mail," \$350,000.

This supplemental is required to provide for the increased number and cost of claims resulting from the larger volume of insured mail and the greater dollar value of damaged or lost mail than was previously estimated for insured and collect-on-delivery mail.

OFFICE OF THE FOURTH ASSISTANT POSTMASTER GENERAL

Pneumatic Tube Service

For an additional amount for "Pneumatic tube service," \$46,800.

An estimated \$33,900 is needed to meet the increased contract rate of \$1,000 per mile under a renewal agreement effective January 1, 1950, and for rent of tubes from the Church Street station to the general post office in Brooklyn. No amount was included in the appropriation for the latter since the lessor had indicated that operation of the tubes would be discontinued at the end of fiscal year 1949. An additional amount of \$12,900 is included for the cost of pay increases under Public Law 428 (81st Cong.).

Transportation of Equipment and Supplies

For an additional amount for "Transportation of equipment and supplies," \$160,000.

Over \$113,000 of this supplemental estimate is needed to provide for the cost of shipping 1,391 more motor-vehicle units than was contemplated in the original estimate. This increase in the number of units to be shipped in 1950 is due to earlier deliveries by contractors than was originally anticipated. The remainder is to provide for an increase in less-than-carload shipments of supplies and materials and a 4-percent increase in freight rates.



SUPPLEMENTAL ESTIMATES OF APPROPRIATION, CONTRACT AUTHORIZATION, AND INCREASE IN LIMITATION PERTAINING TO EXISTING APPROPRIATIONS

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

SUPPLEMENTAL ESTIMATES OF APPROPRIATION FOR THE FISCAL YEAR 1950 IN THE AMOUNT OF \$813,168,000 AND CONTRACT AUTHORIZATION IN THE AMOUNT OF \$87,650,000, TOGETHER WITH CERTAIN PROPOSED PROVISIONS AND AN INCREASE IN THE LIMITATION PERTAINING TO EXISTING APPROPRIATIONS

JANUARY 26, 1950.—Referred to the Committee on Appropriations and ordered to be printed

THE WHITE HOUSE,
Washington, January 25, 1950.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration of the Congress supplemental estimates of appropriation for the fiscal year 1950 in the amount of \$813,168,000 and contract authorization in the amount of \$87,650,000, together with certain proposed provisions and an increase in a limitation pertaining to existing appropriations.

The details of the estimates, the necessity therefor, and the reasons for their submission at this time are set forth in the letter of the Director of the Bureau of the Budget and the attachment thereto, transmitted herewith, in whose comments and observations thereon I concur.

These items are all of a very urgent nature and early congressional action is recommended.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., January 25, 1950.

The PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration supplemental estimates of appropriation for the fiscal year 1950 in the amount of \$813,168,000 and contract authorization in the amount of \$87,650,000 for various agencies in the executive branch.

In addition there are submitted certain proposed provisions and an increase in a limitation pertaining to existing appropriations.

Drafts of proposed appropriation language and the details of various estimates, together with the reasons for their submission at this time, are set forth in the attachment to this letter.

The estimates have been carefully reviewed, and I recommend the transmission thereof to the Congress in the amounts specified.

Respectfully yours,

FRANK PACE, Jr.,
Director of the Bureau of the Budget.

SUPPLEMENTAL APPROPRIATION ESTIMATES FOR FISCAL YEAR 1950

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated out of any money in the Treasury not otherwise appropriated, to supply supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, namely:

INDEPENDENT OFFICES

ATOMIC ENERGY COMMISSION

The authorization under this head in the Independent Offices Appropriation Act, 1950, to enter into contracts for the purposes of the appropriation therein made, is increased from "\$387,189,628" to "\$474,839,628": *Provided, That the third, fourth, and fifth provisos under this head in the Independent Offices Appropriation Act, 1950, as amended by the Act of October 28, 1949 (Public Law 422), are hereby repealed.*

[Provided further, That no part of this appropriation or contract authorization shall be used—]

[(A) to start any new construction project for which an estimate was not included in the budget for the current fiscal year;]

[(B) to start any new construction project the currently estimated cost of which exceeds the estimated cost included therefor in such budget; or]

[(C) to continue any community facility construction project whenever the currently estimated cost thereof exceeds the estimated cost included therefor in such budget;]

[Unless the Director of the Bureau of the Budget specifically approves the start of such construction project or its continuation and a detailed explanation thereof is submitted forthwith by the Director to the Appropriations Committees of the Senate and the House of Representatives and the Joint Committee on Atomic Energy; the limitations contained in this proviso shall not apply to any construction project the total estimated cost of which does not exceed \$500,000; and, as used herein, the term "construction project" includes the purchase, alteration, or improvement of buildings, and the term "budget" includes the detailed justification supporting the budget estimates: *Provided further, That whenever the current estimate to complete any construction project (except community facilities) exceeds by 15 per centum the estimated cost included therefor in such budget or the estimated cost of a construction project covered by clause (A) of the foregoing proviso which has been approved by the Director, the Commission shall forthwith submit a detailed explanation thereof to the Director of the Bureau of the Budget and the Committees on Appropriations of the Senate and of the House of Representatives and the Joint Committee on Atomic Energy:]*

[Provided further, That the two foregoing provisos shall have no application with respect to technical and production facilities (1) if the Commission certifies to the Director of the Bureau of the Budget that immediate construction or immediate continuation of construction is necessary to the national defense and security, and (2) if the Director agrees that such certification is justified.] (*Independent Offices Appropriation Act, 1950, as amended by the Act of October 28, 1949 (Public Law 422).*)

This estimate is necessary to provide \$87,650,000 additional contract authority for the construction of additional plant facilities essential to accomplish the recently announced plan for the expansion of production capacity for the atomic energy program. A portion of the Tennessee Valley Authority supplemental estimate recommended below is related directly to this expansion program. The amounts herein provided for the Atomic Energy Commission, together with funds presently available to the Commission and recommended in the 1951 Budget, will finance the presently estimated cost of the Commission's portion of the expansion program. The supplemental contract authorization now requested is less than the \$128,740,000 anticipated supplemental for fiscal year 1950 referred to in the 1951 Budget because recent technological developments have made it unnecessary to proceed with a previously scheduled construction project, thereby increasing the amount of presently available funds.

The estimate also provides for the acceleration of certain projects in the reactor development program and initiation of some new projects. The acceleration of the reactor development program will necessitate advancing the construction schedule of certain reactor projects for which funds are included in the 1951 Budget. Appropriate reduction of the 1951 Budget will be transmitted by separate letter.

The recommendation for the repeal of the provisos pertaining to construction is based upon the Commission's belief that the provisos have the effect of delaying progress on certain construction projects. The repeal of these provisos would accomplish at an earlier date the action already recommended in the 1951 Budget.

TENNESSEE VALLEY AUTHORITY

For an additional amount for "Tennessee Valley Authority," \$12,365,000, to remain available until expended; and the limitation under this head in title II of the Independent Offices Appropriation Act, 1950, on the amount available for administrative and general expenses of the Corporation, is increased from "\$3,699,000" to "\$3,845,000".

This supplemental estimate includes \$7,000,000 to begin construction immediately on facilities for supplying the Atomic Energy Commission with the large quantity of additional power needed for the operation of a new atomic energy facility at Oak Ridge.

Five million dollars is to enable the Tennessee Valley Authority to complete on schedule the 1950 construction program approved last spring by Congress. The appropriation for 1950 was based on the expectation of a decrease in construction costs. Inasmuch as construction costs have not decreased to the extent expected practically all important appropriation-financed construction work which would normally be carried on between March and June would have to be curtailed until the 1951 appropriation becomes available if additional funds are not provided.

The remaining \$365,000 is to cover part of the cost of pay increases comparable to Public Law 429 (81st Cong.). The balance of the cost of pay increases amounting to \$395,000 is being financed from corporate funds.

In addition, the limitation on administrative and general expenses contained in title II of the Independent Offices Appropriation Act,

1950, will have to be increased from \$3,699,000 to \$3,845,000. This is necessary largely to cover the cost of pay increases chargeable to the administrative and general expense accounts.

VETERANS ADMINISTRATION

READJUSTMENT BENEFITS

For an additional amount for "Readjustment benefits," \$800,000,-000, to remain available until expended.

This appropriation covers payments to and on behalf of veterans under the Servicemen's Readjustment Act. The major part of the appropriation is to cover tuition and subsistence allowance for veterans enrolled in various types of training. The appropriation also covers loan guaranty costs and unemployment and self-employment claims.

By far the largest part of the total increase in cost since the submission of the 1950 Budget is in trade and vocational training and other training below the college level. The estimate of veterans in this type of training contained in the 1950 Budget was 475,000. The number of veterans actually enrolled in this category of training at the latest report (November 30, 1949) was 862,000 and enrollment is still rising.

In the 1951 Budget it was estimated that a supplemental appropriation of \$711,000,000 would be required in this account for the current year. Because of a continued rise in training loads including trade and vocational training, college enrollment, and institutional-on-farm training, the estimate has had to be revised upward to \$800,000,000. At present rates of expenditure, additional funds will be required before the end of March 1950.

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

WELFARE OF INDIANS

For an additional amount for "Welfare of Indians," \$803,000.

The appropriation contained in the Interior Department Appropriation Act, 1950, for general assistance grants for needy Indians who are unable to obtain employment and who are not eligible for assistance under any other relief program, will be completely exhausted in January despite the fact that monthly benefit payments have been held to the very low averages of \$9.12 in July to \$16.64 in December. These payments are considerably below the average old-age assistance grant under the social security program. Beginning with January the average payment has been increased to \$25 per month. An additional \$800,000 will be required to continue this program for the remainder of the fiscal year without making any provision for emergencies which may develop by reason of the severe weather now being experienced in the West. The remaining \$3,000 is for pay increases authorized by Public Law 429 (81st Cong.).

URGENT DEFICIENCY APPROPRIATION BILL, 1950

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

EIGHTY-FIRST CONGRESS

SECOND SESSION

Printed for the use of the Committee on Appropriations



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1950

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(II)

URGENT DEFICIENCY APPROPRIATION BILL, 1950

DEPARTMENT OF THE INTERIOR

SUBCOMMITTEE ON INTERIOR APPROPRIATIONS

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MONDAY, JANUARY 30, 1950.

BUREAU OF INDIAN AFFAIRS

WITNESSES

JOHN R. NICHOLS, COMMISSIONER, INDIAN AFFAIRS

W. BARTON GREENWOOD, EXECUTIVE OFFICER, BUREAU OF INDIAN AFFAIRS

MISS LUCILE AHNAWAKE HASTINGS, CHIEF, WELFARE BRANCH, BUREAU OF INDIAN AFFAIRS

WELFARE OF INDIANS

Mr. KIRWAN. Gentlemen, we have before us at this time a supplemental estimate for the fiscal year 1950 in the amount of \$803,000 for the Bureau of Indian Affairs, as contained in House Document 456. We will insert in the record at this point the relevant part, appearing on page 5, of that document and the justifications submitted by the Department in support of the estimate.

(The matter referred to is as follows:)

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

WELFARE OF INDIANS

For an additional amount for "Welfare of Indians," \$803,000

The appropriation contained in the Interior Department Appropriation Act, 1950, for general assistance grants for needy Indians who are unable to obtain employment and who are not eligible for assistance under any other relief program, will be completely exhausted in January despite the fact that monthly benefit payments have been held to the very low averages of \$9.12 in July to \$16.64 in December. These payments are considerably below the average old-age-assistance grant under the social-security program. Beginning with January the average payment has been increased to \$25 per month. An additional \$800,000 will be required to continue this program for the remainder of the fiscal year without making any provision for emergencies which may develop by reason of the severe weather now being experienced in the West. The remaining \$3,000 is for pay increases authorized by Public Law 429 (81st Cong.).

Welfare of Indians (H. Doc. 456)

Request for 5 months from Feb. 1, 1950.....	\$803, 000. 00
Appropriation to date.....	900, 000. 00
Obligations to Dec. 31, 1949.....	421, 576. 69
Expenditures to Dec. 31, 1949.....	343, 293. 86

Employment:

Average number, current appropriation.....	35
Number involved this estimate.....	0
Actual employment, Dec. 31, 1949.....	30

Budget estimate next fiscal year: \$1,382,587. This is a comparative figure. The item does not appear in the 1951 budget due to revision and consolidation of appropriation structure.

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

Funds available for direct relief of needy Indians will be exhausted in January 1950. Actual case load for first 6 months of fiscal year 1950 was 12 percent higher than the same months in fiscal year 1949. This was due in part to grasshopper infestation and drought on reservations in Montana and the Dakotas. Estimated case load for the remainder of fiscal year 1950 is based on actual 1948 experience and does not provide for any extraordinary conditions such as the disastrous blizzard last winter. The estimate provides for average monthly grants of \$25 using standards set for public assistance under social-security program and is needed to avoid repetition of suffering during 1949 when grants averaged only \$11.18 a month. The estimate includes \$3,000 for pay increase due to Public Law 429.

Obligations by objects

	Appropriation to date, 1950	Supplemental estimate, 1950	Revised total, 1950
01 Personal services.....	\$142, 530	\$3, 000	\$145, 530
02 Travel.....	7, 500		7, 500
03 Transportation of things.....	500		500
04 Communication services.....	600		600
05 Rents and utility services.....	3, 200		3, 200
07 Other contractual services.....	84, 200		84, 200
08 Supplies and materials.....	29, 479		29, 479
09 Equipment.....	5, 700		5, 700
11 Grants, subsidies, and contributions.....	626, 291	800, 000	1, 426, 291
Total obligations.....	900, 000	803, 000	1, 703, 000

Obligations by activities

	Appropriation to date, 1950	Supplemental estimate, 1950	Revised total, 1950
1. General Welfare Administration.....	\$164, 776		\$164, 776
2. Direct relief.....	229, 756	\$800, 000	1, 029, 756
3. Other welfare services.....	105, 468		105, 468
4. Public Assistance, Arizona and New Mexico.....	400, 000		400, 000
5. Pay increase, Public Law 429.....		3, 000	3, 000
Total obligations.....	900, 000	803, 000	1, 703, 000

JUSTIFICATION

Direct relief, increase \$800,000.—This supplemental appropriation is for the purpose of providing additional funds in 1950 to meet direct relief needs on the reservations in the United States with the exception of Navajo and Hopi. Funds in the regular appropriation for direct relief are not sufficient to meet minimum living costs for the regular case load under ordinary winter-weather

conditions and will be exhausted in January (see table below). Should severe blizzard-weather prevail, as occurred last winter, assistance beyond this estimate will be required to meet relief needs.

TABLE 1.—1950 estimate for direct relief (general assistance)

Month	Case load (persons)	Available from regular appropriation	Supplemental amount required	Total amount required
July.....	707	\$6,447.52	-----	\$6,447.52
August.....	2,877	37,948.52	-----	37,948.52
September.....	3,091	36,323.90	-----	36,323.90
October.....	2,488	31,660.85	-----	31,660.85
November.....	2,681	39,129.20	-----	39,129.20
December.....	4,193	49,748.31	-----	49,748.31
January.....	5,640	28,497.70	\$112,500	140,997.70
February.....	7,000	-----	175,000	175,000.00
March.....	7,500	-----	187,500	187,500.00
April.....	6,500	-----	162,500	162,500.00
May.....	6,000	-----	150,000	150,000.00
June.....	4,500	-----	112,500	112,500.00
12 months.....	53,177	229,756.00	900,000	1,129,756.00
Less adjustment for public assistance (see table 3).....	-----	-----	-100,000	-----
Total.....	-----	-----	800,000	-----

Actual case-load figures have been used for the months July through December. The estimated case load for the remaining months are based conservatively upon experience in 1948 rather than in 1949 in order to eliminate emergency cases in 1949 due to severe blizzard weather. The case load has shown an increase during the first 6 months of this fiscal year over the same months in the fiscal year 1949 due in part to a grasshopper infestation as well as a drought of disaster proportions on several reservations in Montana and the Dakotas. These circumstances have lessened the Indians' crop yields and at the same time afforded less opportunity for seasonal employment during the past summer and fall.

The amount needed to meet minimum living costs has been found to average \$25 per month per person using budgetary standards set for public assistance under the social-security program. This minimum budget allows for three essential items: Food, clothing, and household supplies, such as soap, kerosene, and bedding. Since housing, fuel, and water are usually available to the Indians on the reservations these items are not included.

During the fiscal year 1949 an effort was made to give adequate assistance using the standard set for public assistance under the social-security program. However, the initial amount provided for direct relief \$229,756, proved inadequate and monthly grants had to be reduced as the case load increased. In January relief funds were exhausted. Severe blizzard weather in the Middle West added to the distress and brought a sharp increase in case load. Supplemental assistance had to be furnished by providing additional funds from the President's emergency fund and from both the first and second deficiency appropriations. Even with this additional assistance, funds were sufficient to average a monthly grant of only \$11.18 per person. This grant was far below our estimate of \$25 and the old-age-assistance average of \$43.60 (June figure), and as a result many Indians were ill-fed and ill-clothed during part of the year. This requested appropriation seeks to avert a repetition of suffering during this fiscal year by providing for minimum needs.

TABLE 2.—1949 experience, case load and expenditures for direct relief (general assistance)

Month	Case load	Regular appropriation	Supplementary appropriations	Total
July.....	1,533	\$20,923.36		\$20,923.36
August.....	2,485	33,310.97		33,310.97
September.....	2,274	31,157.15		31,157.15
October.....	2,261	32,525.60		32,525.60
November.....	2,452	33,701.38		33,701.38
December.....	2,452	30,729.89		30,729.89
January.....	7,631	47,407.65	\$17,486.02	64,893.67
February.....	13,926		134,317.34	134,317.34
March.....	13,662		134,214.41	134,214.41
April.....	7,126		70,679.00	70,679.00
May.....	5,973		66,197.78	66,197.78
June.....	6,198		107,610.67	107,610.67
12 months.....	67,973	229,756.00	530,505.22	760,261.22
Monthly average.....	5,664			

Average grant, \$11.18.

TABLE 3.—1950 estimate for public assistance

Month	Case load (persons) ¹	Amount required
July.....	288	\$3,800.72
August.....	1,052	18,780.75
September.....	1,073	17,752.02
October.....	1,165	20,280.05
November.....	1,309	24,132.49
December.....	1,377	27,657.19
January.....	1,405	28,096.78
February.....	1,475	29,500.00
March.....	1,530	30,600.00
April.....	1,585	31,700.00
May.....	1,640	32,800.00
June.....	1,745	34,900.00
Total required.....		300,000.00
Applied to General Assistance.....		² 100,000.00
Available.....		400,000.00

¹ Last 6 months' figures estimated.² Estimated savings due to necessary time lag in processing cases of eligible persons.

General Welfare Administration, increase \$3,000: This increase is needed for salary adjustments due to Public Law 429.

Mr. KIRWAN. Mr. Nichols, the Commissioner of Indian Affairs, is here with Mr. Greenwood and others of his staff.

Will you give us a general statement at this time, gentlemen?

Mr. GREENWOOD. Mr. Chairman, and members of the committee: This is a request for the appropriation of \$803,000 for the welfare of Indians. The appropriation already made for this fiscal year for the welfare of Indians is \$900,000. Of that amount \$400,000 was specifically provided for public assistance payments to Indians in Arizona and New Mexico, other than the Navajo and Hopi Indians, using the standards set for public-assistance payments made under the Social Security Act. That leaves \$500,000 for other welfare purposes, of which \$229,756 is budgeted for direct relief for the so-called general assistance cases.

Our case load this year for the first 6 months has run about 12 percent higher than it did for a similar period last year. The purpose

of this estimate is to enable us to carry the estimated case load for the remaining 6 months of the fiscal year at a higher average rate than we have been able to maintain heretofore. For the first 6 months of this fiscal year the grant averaged \$12 to \$16 per person. The proposed grant is based on an average of \$25 per person.

Since the estimate was prepared, unusually severe winter conditions have prevailed in some of the Northwestern States, notably Montana, North and South Dakota, which has imposed a greater burden on this appropriation than we anticipated, or was anticipated in this estimate. Therefore, even if the entire estimate is allowed we would still not be able to maintain the average \$25 grant, because of the additional load imposed by reason of the severe winter conditions.

Our justification on page 3 shows an anticipated case load of 5,640 persons in January but we now estimate that that case load will probably rise to somewhere between 6,500 and 7,000 due to the conditions which we have mentioned.

Our supplemental estimate would have been \$900,000 had it not been for the fact that we anticipate a saving of \$100,000 in the \$400,000 that was provided for public assistance of Indians in Arizona and New Mexico. That comes about by the delay in processing eligibles for public assistance payments. Pending their clearance as public assistance cases, however, they must be taken care of by direct relief, so the \$100,000 will be expended not for public assistance but for general assistance or direct relief.

Now, this appropriation is used primarily, that is, the direct relief portion of it, to provide food, clothing, and household supplies to Indians who are not eligible to receive assistance from other sources. Most of the relief cases represent unemployable persons who are handicapped, or who are ill, although in some instances we do provide temporary relief to persons who are able-bodied, but who are not able to get employment. That is a reason why our case load in January and probably February and March will be larger than we have estimated here as shown under our justification for those months, because of conditions that have arisen in some of the Western States which conditions have resulted in unemployment for Indians.

Mr. KIRWAN. Your request then is for \$803,000, and you say practically every dollar of this is for food, shelter, and clothing?

Mr. GREENWOOD. Yes, sir.

Mr. KIRWAN. Do the Indian children have school lunches provided them?

Mr. GREENWOOD. Yes, sir. In the Indian schools they receive school lunches.

Mr. KIRWAN. Just the same as they do in the white schools?

Mr. GREENWOOD. Yes, sir.

Mr. NICHOLS. Some of these roads in those territories are blocked with snow, and they can't even get to school right now, Mr. Chairman.

With regard to these unusual conditions as a result of the severe winter weather, we have received some telegrams which I would like to read to the committee if I may.

Mr. KIRWAN. All right, you may do so.

Mr. NICHOLS. The first one is from Valentine, Nebr., dated January 28, 1950.

COMMISSIONER OF INDIAN AFFAIRS,
Washington, D. C.:

By unanimous action of the Rosebud Sioux Tribal Council in regular session your attention is called to immediate emergency relief needs on the reservation. The situation is critical and your attention, consideration, and action will be appreciated.

THOMAS VALANDRA,
President, Rosebud Sioux Tribal Council.

The next is dated January 19, 1950. This is from Pine Ridge, S. Dak.

COMMISSIONER OF INDIAN AFFAIRS,
Washington, D. C.:

Council in registration on January 12, 1950, request that approximately 150,000 (one hundred and fifty thousand dollars) is needed urgently for welfare needs supplementary appropriation. Delegation on way to Washington, D. C.

WILLIAM FIRE THUNDER,
President, Ogalala Sioux Tribal Council.

The next one is dated January 25, 1950, from Cannon Ball, N. Dak., addressed to the Commissioner of Indian Affairs, Washington, D. C.

Continuous subzero temperatures from December 10 to present with approximately 17 inches snow with blizzard conditions blocking roads to seven substations creates emergency among Indian people for food, clothing, and fuel. Urge you authorize me by wire to expend \$10,000 now to my credit for emergency relief purposes. Letter follows.

CLARK, Superintendent.

This is just the type of thing that we have been receiving, Mr. Chairman.

Mr. KIRWAN. They are all on the same plane, asking for emergency relief.

Mr. NICHOLS. Yes, this is the emergency not even covered by this appropriation. This will cut down our ability to give \$25 a month. These are true relief cases that must be looked after.

The next telegram is dated January 26, 1950, from Aberdeen, S. Dak., addressed to the Office of Indian Affairs, Department of Interior, Washington, D. C.

Reurtel 24. Consider situation this area in state emergency. Will wire recommended distribution \$40,000 relief funds tomorrow but that amount inadequate for need through March. Situation comparable last year and warrants use of other available appropriation prevent loss of life and property. Will advise tomorrow additional estimated needs by agencies.

G. WARREN SPALDING,
Area Director, Office of Indian Affairs, Aberdeen, S. Dak.

This next one is dated January 25, 1950, from Billings, Mont., addressed to Selene Gifford, Chief of Welfare and Placement Branch, Bureau of Indian Affairs.

Retel 24th. If additional relief funds cannot be made available beyond February it will definitely be necessary use other available appropriations to prevent loss of life and property.

PAUL L. FICKINGER, Area Director.

The next is dated January 26, 1950, from Helena, Mont. This one is from Gov. John W. Bonner of Montana. I am going to read the whole thing. It is not very complimentary to us but I do not like to quote only portions from it.

Treatment of Indians on Indian reservations, in my opinion, is disgraceful. Indians on Tongue Rivers, Cheyenne, Blackfeet, Rock Boy, Fort Peck, and Belknap Reservations are undergoing hardships because of lack of attention. With cold weather and deep snows and lack of employment it appears that these Indians have been completely abandoned. The situation is so serious that for the sake of humanity I urgently ask that something be immediately done for these Indians. Situation is so serious that I am reliably informed that fathers are leaving their families purposely in order that their children may come under our Children's Welfare Act and receive funds from the State of Montana so that the children can at least eat. As a result of this, State is now bearing a great part of the burden in supporting Indians on these reservations which burden should be carried by the United States. We cannot allow these Indian children or their parents or any other Indians to starve and we are doing the best that we can under the circumstances. This problem must be solved immediately if our Indians are to be treated as they should be to prevent further unnecessary suffering and hardship. Your immediate action will be appreciated.

Regards,

JOHN W. BONNER, *Governor.*

We attempted to answer that but without this money we cannot answer it.

Now we received another telegram from Governor Bonner. This one followed in a couple of days. It is dated January 28, 1950, from Helena, Mont.

Indian situation on reservations getting more critical. Medical help is necessary as well as food and other necessities of life. Am informed your road equipment worn out, thus roads impassable, isolating Indian families. We are trying to help out with our equipment, urge you to take direct hand in matter and have your representatives take active charge otherwise deaths may occur because of undue hardship. Please acknowledge this plea and not rely on accepted procedures since this situation is emergency and must receive extraordinary attention.

JOHN W. BONNER, *Governor of Montana.*

We have telephoned out there in regard to the road condition and have taken care of it the best we can, but people just cannot get through the roads.

That entire group of telegrams I will be glad to present to you for the record. It just points up the situation at present. We have this same situation every year.

Mr. KIRWAN. Your request for this money is based on an emergency?

Mr. NICHOLS. Yes.

Mr. NORRELL. On page 2 of your supplemental estimate I notice in reading the items that you have listed under your 1950 appropriation of \$900,000, the words, "other contractual services" in the amount of \$84,200. Now what is that amount for? It is not for commodities, but for services.

Mr. GREENWOOD. Yes; that would be for the care of dependent and neglected children. Also we have a contract with the State of South Dakota for part-time services of their welfare workers.

Mr. NORRELL. That is additional employees.

Now the next item there is for supplies and materials \$29,479. What is that? Just tell us briefly.

Mr. GREENWOOD. That would cover the purchase of clothing and fuel, and would cover gas and oil for the welfare workers.

Mr. NORRELL. For the workers, presumably. Now the equipment item there of \$5,700, is that for the workers, also?

Mr. GREENWOOD. Yes, sir.

Mr. NORRELL. There is nothing, then, in the list of those items for the Indians, that is, nothing that actually goes to the Indians themselves, except the last item, "Grants, subsidies, and contributions," \$626,291, is that correct?

Mr. GREENWOOD. No, sir, not quite. The item "Other contractual services," includes some for the Indians themselves.

Mr. NORRELL. We just discussed that and you said that was additional services to be rendered to the Indians.

Mr. GREENWOOD. I also said it would include such items as boarding-home care, including fuel and clothing for the Indians.

Mr. NORRELL. You would not put your purchase of food and clothing in here as a service, would you?

Mr. GREENWOOD. Where we contract for it, yes, sir.

Mr. NORRELL. I do not quite understand. Tell me, then, just what that item of "Other contractual services" covers.

Mr. GREENWOOD. Miss Hastings, do you want to explain that?

Miss HASTINGS. It covers the contracts for boarding-home care. We make them with individual foster mothers who take care of children. Those are orphaned children, or children who cannot stay in their own homes for some reason or another, such as serious illness in their own home. It also covers the contracts with institutions where we have children who are classed as delinquents by the courts and where the children have been sent for rehabilitation, such as convents or State training schools.

Mr. NICHOLS. It also includes food, clothing, and shelter on those contracts.

Mr. NORRELL. With the exception of those you have mentioned, only the \$626,291 out of the \$900,000 goes to the Indians. How much cash do you have unexpended from either the current appropriation or any carry-overs from any previous year?

Mr. GREENWOOD. There is no carry-over in this appropriation, Mr. Norrell. "This is an annual appropriation."

Mr. NORRELL. I am not going to continue with this discussion, but I remember several years ago you were building houses and a lot of things for the Indians. Today, of course, we cannot tell just what you are doing. I wonder if you would make up a list, not to go into the record, but to give to the clerk, and I would like to have a copy of it, as to just what you actually think are the things you are doing for the Indians. If you give them a piece of meat or build them a house, or give them a suit of clothes, and so forth, so indicate. Give us a commodity break-down.

Mr. GREENWOOD. We will be glad to do that, Congressman Norrell. I would say that by far the bulk of the assistance that we give for relief purposes goes out in the form of cash. We issue checks to the Indians and they make their own purchases of food, clothing, and fuel, but in a few cases we do buy the supplies and issue them to the Indians. We do not have any money in here for construction of homes.

Mr. NORRELL. You say this additional appropriation is to cover the assistance to Indians who are not eligible for assistance under any other relief program. Who would they be?

Mr. NICHOLS. I could answer you that in one case, in South Dakota—I was just out there—direct relief is given by the counties. They do not have any State money for it at all in South Dakota.

In the particular case of Roberts County, and there are several others who are facing the same situation, Roberts County has refused relief to the Indians the same as to the whites because they say it is all county money and the Indians' land is not taxed and the county does not have the money.

It is not a discrimination on account of race, but they just do not give it to Indians because, they say, they haven't the money.

Mr. NORRELL. If we step in because the States and counties have declined, then the next time they will decline on the basis that they can shift that responsibility to the Federal Government.

Miss HASTINGS. They never give this assistance, Mr. Congressman. This is called general assistance as distinguished from social-security assistance which they call public assistance. These people are not old enough for old-age assistance. They are around 60 to 64 years of age. This is the kind of program that takes care of the crippled who cannot get help under the vocational rehabilitation program. Every State has a general assistance program as does every county and every city and this is for general assistance to Indians on the Indian reservations. There is no Federal money to match the appropriation by the State to take care of this assistance such as there is for public assistance under the social-security program.

So these counties and cities do not take care of the Indians and never have.

We do have a few exceptions as in the State of Kansas, but we have very few Indians there. They are not even noticed because they would be just a handful in the total population of that State, so the counties do take care of them.

We have Indians around Salem, Oreg., where they are sprinkled around in the population who receive assistance from the counties, but if you go back on the "closed" reservation where you find a whole group of Indians, then the State says that is your problem there.

For instance, one of our reservations, Pine Ridge in South Dakota, covers a whole county, so there is nothing there but the reservation. In fact, it covers parts of four counties. So in there, there would not be anything but Indian lands.

Mr. NORRELL. I do not wish to encumber the record here any further in that regard, but I am not going to be willing that the State should give more of their responsibilities to the Federal Government.

Mr. JENSEN. I notice in your 1950 appropriation, you had \$142,530 allowed for the item of personal services under this welfare fund item. Then I note in this supplemental request which you are making today you have an additional \$3,000 requested for personal services. Do you propose to put more people on the pay roll?

Mr. GREENWOOD. No, sir.

Mr. JENSEN. Then why do you ask for this \$3,000 for personal services in addition to what you already have in the appropriation for 1950?

Mr. GREENWOOD. The \$3,000, Congressman Jensen, is to cover the cost of the pay increases authorized by Public Law 429 of the Eighty-first Congress.

Mr. JENSEN. So you do not propose to put on any additional help to administer this \$803,000 request which you are making today?

Mr. GREENWOOD. No, sir; we do not.

Mr. JENSEN. That will go entirely to the benefit of the suffering Indians?

Mr. GREENWOOD. Yes, sir. Every cent of it, Congressman Jensen.

Mr. JENSEN. Mr. Nichols, I have been receiving quite a few letters from school children in my district who ask me about the condition of the Navajo Indians. It seems there are people traveling around over the country soliciting funds for the relief of the Navajo Indians, and they question me as to whether those solicitors are authentic solicitors, and whether they would be justified in helping them by sending food or giving them money.

What is the situation? Do you know of a number of people that have authority to go out and solicit funds for the Navajos? Just what is the present status of the Navajo Indians so far as need for food and clothing is concerned?

You do not have to answer that now. You may furnish it later if you care to. I would like to have a picture of the Navajo Indian problem as of this day as compared to what it was 1 year ago and 2 years ago and 5 years ago, both in the way of education and health as well as with regard to food supply, clothing supply, and their general situation.

Mr. NICHOLS. I will do that, Congressman Jensen.
(The information requested is as follows:)

REPORT ON WELFARE OF NAVAJO INDIANS TODAY AS COMPARED TO THE SITUATION
IN 1948 AND IN 1945

Progress has been made to improve the welfare of Navajos over conditions that prevailed 5 years ago and even 2 years ago. For the present fiscal year the needy Navajos, 301 individuals, are receiving monthly general assistance grants to cover subsistence items of food, clothing, and household supplies on the same standard as is used by the State departments of public welfare, averaging \$35 per person (November report). Navajos eligible for public assistance under the social-security program, either old-age assistance, aid to dependent children, or aid to the blind, 4,730 individuals, receive 65 percent of their monthly cash grant from Indian service funds averaging \$17.50 (November report) and the remainder through the respective State departments of public welfare in Arizona or New Mexico. The Navajo placement program has assisted in placing Navajos in jobs in Colorado, Utah, Mexico, Arizona, and California. It is estimated that as many as 13,000 were away working during the past summer.

In comparison 2 years ago, in the fiscal year 1948, funds were only sufficient to provide for 1,229 extremely needy Navajos on a very low standard of approximately \$5 per month until this amount was supplemented in January and February by tribal funds and aid from the American Red Cross. By February the emergency appropriation of \$500,000 was made available which made it possible to extend more adequate relief to all needy applicants. The peak case load was reached in April 1948, when 8,747 persons were aided with an average grant of \$13.27. In the fiscal year 1945 the assistance program reached only an average of 756 persons monthly with an average grant of \$6.30.

During the fiscal year of 1945 there were 3,939 Navajo pupils in average daily attendance in Federal Indian schools. Three years later this number had increased to 6,174, and today there are 7,385 Navajo pupils in Federal Indian schools.

In 1945 only a few pupils attended schools off the reservation. In the fiscal year 1948, there were 1,335 Navajos attending boarding schools off the reservation. By December 31, 1949, this number had increased to 2,140 and the second week in January 1950, 542 pupils were enrolled in the newly established Intermountain School.

In addition to the 7,385 Navajo pupils in Federal schools, there were 1,072 Navajo pupils in public schools and 939 in mission schools as of June 30, 1949, making a total of 9,396 Navajo pupils in school today.

The year 1945, immediately postwar, found the Navajo medical service at a low point in both the quality and quantity of personnel available. Wartime shortages had depleted stocks, supplies and materials and the equipment had deteriorated as well as the buildings and hospital facilities. It was impossible

to recruit additional nursing and medical personnel. Since 1945, there has been a gradual improvement though not noticeably so until the calendar year 1948 when under the guidance of a top-flight medical officer the top staff was recruited to man the hospital and other hospital facilities at Navajo. This staff is minimum in number and will require additions if physicians now in service are to be retained. Additional recruitment of physicians, general practitioners and specialists cannot continue unless adequate housing is supplied immediately. Quarters available to the medical officers at Navajo Center are nine in number which figure is fixed and cannot be increased until additional housing is constructed. The public health nursing staff and staff of dentists have increased as well as is the case of the hospital staff of nurses.

With the present organization and initiation of an improved and augmented medical care and public health program for the Navajo and Hopi people, the general health of these Indians has unquestionably been improved. Improvements can also be demonstrated in the field of environmental sanitation, such as water supplies, sewage disposal, and so forth.

Maternal and infant mortality rates have decreased. Incidence of the preventable communicable diseases has decreased, including the venereal diseases, but tuberculosis remains a tremendous problem because of the great shortage of hospital beds for the care and isolation of open active cases of the disease. This is our number one problem at the present time.

Further reduction in morbidity and mortality rates are dependent upon additional health workers and physical facilities for carrying out an expanded and enlarged program.

To attract and hold competent and suitable medical personnel, adequate living quarters must be provided to house the general practitioners, nurses, technicians, and so forth, required to render the desired medical services. There is a crying need at the present moment for quarters to house even the existing personnel and no housing at all for additional ones.

As the present moment the following personnel render medical and public health care to a population of 69,000 scattered over an area the size of the State of West Virginia:

Doctors	18
Public health nurses	12
Dentists	2
Hospital staff nurses	67
Supervising nurses	9

Statistics for the six hospitals on the reservation for the period July 1, 1949, to December 31, 1949, are as follows:

Hospital	Admissions	Births	Out-patient dispensary visits	Average daily census	Clinicians
Keam Canyon	604	67	3,110	29.5	1
Townpoint	735	89	1,984	45.4	1
Shiprock	468	75	2,734	42.2	1
Winslow	724	64	3,259	39.0	1½
Tuba City	713	88	5,041	38.1	2
Navajo Medical Center	1,781	167	8,423	198.0	6

Last year the American Red Cross was officially designated by the Secretary of the Interior as the agency to coordinate the efforts of voluntary charitable relief organizations which desired to serve the reservation. Many religious and many nonsectarian organizations, such as the Save the Children Federation, rendered substantial aid in the past and are continuing such assistance at present.

Mr. KIRWAN. Gentlemen, we are now privileged to hear from our colleague, Hon. Francis Case, Congressman from South Dakota.

WELFARE OF INDIANS

WITNESS

HON. FRANCIS CASE, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF SOUTH DAKOTA

Mr. CASE. Thank you for this opportunity, Mr. Chairman. I have been interested in the testimony already presented by the representatives of the Bureau of Indian Affairs.

I do not want to duplicate what they have said, but I would like to talk directly to questions raised and supplement what they have said.

This relief situation grows out of need by the people who are between the cradle and grave ages, you might say. South Dakota has, from the outset provided for the Indians who come under aid to dependent children, aid to the blind, and old-age assistance. We have never shirked our responsibility in that respect. But this need is with respect to the people who are not dependent children, who are not old-age-assistance recipients, and who are not blind. This is with respect to people in the middle ages of life who are facing a very severe winter with inadequate supplies of food for most humans and for livestock.

The majority of the reservations in South Dakota are in what we call unorganized counties. The Pine Ridge Reservation, to which reference was made earlier, originally covered four counties. Two of them have been consolidated but only one of the counties here is an organized county and even there the Indian land is better than 50 percent of the total land in the county, which means that it is not taxed.

There is no poor-relief fund as such. That is the situation on the Pine Ridge Reservation.

The Rosebud Reservation embraces two counties and there are two additional counties which are fully organized. There again you have a very small proportion of taxable land, so that they have no opportunity to collect any poor-relief fund.

Somewhat the same thing is true on the Cheyenne River and the Standing Rock Reservations.

I also have received telegrams from the tribal councils and treaty councils of each of these reservations and will pass them around for the information of the members of the committee.

Mr. KIRWAN. All right. We would be glad to have them.

Mr. CASE. I would like to read a paragraph or two from a letter I received from Frank Duchinow, who is chairman of the Cheyenne River Sioux Tribal Council. This letter is dated January 24, 1950. He states:

This is to enlarge on the facts in my telegram of yesterday.

The situation here as of this date is critical. It is even worse than last year. We have, in addition to the heavy snowfall, extreme subzero temperatures and almost constant winds and blowing snow. We are in the midst of another storm with blizzard conditions, even as I write this.

There is a constant stream of relief applicants at the tribal offices every day, and tribal relief funds appropriated in 1950 budget are exhausted. We have received, as I said in my telegram, \$10,000 as of January 18, but this is not nearly enough to take care of existing needs. Unemployment is at an all-time high on the reservation. Jobs in adjacent areas are practically nonexistent and, in addition, people are coming back to the reservation from the coast and other industrial areas where they have been employed for the past few years. These people have been unable to find employment locally and are being forced to seek relief from the tribe in order to survive.

The letter points out also :

The situation in regard to livestock is much worse than last year, due to last summer's drought. Also the cattle have never completely recovered from the effects of the severe winter last year. Such forage as exists is of very poor quality.

Mr. Burns, the acting superintendent, suggests that it might be wise to get rid of the cattle as fast as they can be placed on the market, in order to save them from almost certain starvation.

Now, that is on a reservation which has been boasting for some years past of the cattle-rehabilitation program but the feed situation there now is such apparently that the acting superintendent has suggested that they sell the cattle before they starve to death.

Certainly, if immediate action of some sort is not taken, the loss will be greater than last year. Last year's loss has been estimated at 13 percent over the reservation as a whole, in spite of the fact that over \$20,000 was expended in an effort to save the cattle. At least \$20,000 will be needed again this year for livestock relief assuming that we get a break in the weather soon. If, however, we have a late spring, even more will be needed.

The State office has been contacted about the possibility of getting a supply of surplus commodities. However, their answer was unsatisfactory. In the first place, they do not have an adequate supply, and, secondly, there is a problem involved in packaging it out. What we would like, if it is at all possible, is to get two or three carloads as we did 2 years ago, pursuant to your suggestion. I am certain that the tribe will be able to arrange for sufficient funds to cover the freight as we did at that time.

I might say, in that connection, I have tried every year as much as possible to help the Indians by getting surplus commodities made available to them. Before Mr. Nichols was appointed Commissioner his predecessor will remember that an amendment I proposed was written into the appropriations bill which made funds available for paying of transportation on surplus potatoes and made them available as food. In the 1949 farm act there is specifically a provision that authorizes the Department of Agriculture to make surplus commodities available for certain needs. The Bureau of Indian Affairs was placed in the first category of priorities.

I have been contacting the Surplus Commodities people and the Department of Agriculture repeatedly through the fall and this month in an effort to get these surplus foods to the needy. They did not prepare their regulations for the handling of these surplus commodities until about the middle of January. Then they required that the recipients provide the transportation and packaging costs.

My understanding has been that that has presented a problem because the Indian Office did not have funds to provide for the transportation and packing and packaging costs. However, potatoes, dried eggs, powdered milk, canned fruits, and apples are available, where such things as apples and potatoes can be shipped and taken care of at this time of the year. The dried eggs, powdered milk, and potatoes offer a possibility of helping this food situation but there must be some funds for transportation and packaging costs to get them to these people. And those commodities are available in quantities.

Now, the Chicago office of the Surplus Foods Organization is the one to which these agencies should apply. In some instances it may be best to go through a State relief agency, but time might be saved if arrangements were made for the superintendents of these agencies to deal directly with the Surplus Foods Office at Chicago. Possibly

some tragic deaths can be avoided, because people cannot go hungry and miss many meals without getting ill. And that is happening today. I am told that 10 deaths have taken place on the Pine Ridge within the past few weeks in some of which malnutrition is thought to have contributed.

Mr. KIRWAN. Would it not be a good idea for the Bureau of Indian Affairs to set up each year a certain sum of money for transportation and packaging costs beyond their regular budget?

Mr. NICHOLS. May I say that we set up \$88,000 as an offset against surplus commodities, meaning that we were going to get \$88,000 of surplus commodities. We talked about it at our former hearing. Then this rule came out whereby we have to pay for the transportation and retail packaging of commodities. For example, you all know that potatoes will sprout if they get too warm, and they will freeze if they get too cold, and you have to have bins and root cellars in order to handle them properly.

They are a perishable commodity. We feel that by this rule of the Surplus Commodity Corporation, whereby we have to pay packaging and freight costs, we are really being cut the \$88,000.

I met with Governor Mickelsen of South Dakota and his surplus-commodities director, and he admitted that this rule was not satisfactory. He said that if you go down to these caves where they store these eggs you will find them in 200-pound hogsheads; you cannot put those around in different homes very well. So our budget is actually being cut in the value of the commodities we hoped to get.

Your suggestion is right, but it is very hard to carry it out.

Mr. CASE. That is also related to something else. It is, of course, easier for the superintendent or his staff to simply put out some money and let the Indians themselves go to the store and buy what they need. That is true, but when we are dealing with actual human needs and people are hungry, I cannot excuse anyone who refuses to distribute surplus foods and commodities that may be offered to them.

Last year when this situation arose some of you will recall I tried to arouse some interest in the people in my district. In some cities they made collections of clothing and food for the Pine Ridge Reservation. But they were rebuffed by the superintendent who is reported to have said "the thing for you to do is to put the pressure on your Congressman to get a greater appropriation; we don't care to handle that kind of stuff."

Members of the Chamber of Commerce of Hot Springs wrote me about it and they were very much put out.

Mr. NICHOLS. Congressman Jensen asked me about that in regard to the Navajos. It is the same thing. It is a matter of how much do you want relief, as such, and how much do you want legitimate appropriations for general assistance.

Mr. JENSEN. You will have something to say about that, won't you, Mr. Nichols?

Mr. NICHOLS. Yes, sir.

Mr. CASE. Many of the people who have no jobs on the reservations, who have no way to live there, are leaving when they can. And we have an increasing problem of caring for people who have gone from the reservations to places like Rapid City, trying to get a job. I have some pictures here that appeared in the Sioux Falls Argus-Leader.

The date line is December 31, 1949. I will leave it with the committee but I would like to call attention to them. The first picture shows a tent in which people are living in subzero weather. A stove-pipe is sticking out through the top of the tent.

Then here is a shack with a canvas roof, with some slabs on the sides. Here is another showing the destitution of these Indian people in winter, crowded in single-room housing without sanitary facilities.

Ten percent of the population of Rapid City is composed of Indians from these surrounding reservations. That means 2,500 to 3,000 Indians. This creates a problem that the local people are not prepared to cope with, particularly since most of these people are Indians who are not taxed and do not contribute to the budget of the country.

The article accompanying these pictures closes with this paragraph:

Far-away India has her beggars by the roadside, China has her squeeze system widely practiced by the working classes, and South Dakota has her Indians—living in tents and shacks in the cold of our northern winters.

Mr. Chairman, I urge your prompt and favorable consideration of the deficiency estimate for the welfare of needy Indians.

Mr. KIRWAN. Thank you for your remarks, Mr. Case.

WELFARE OF INDIANS

WITNESS

HON. JOHN R. MURDOCK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA

Mr. KIRWAN. We will now have a statement from our colleague John R. Murdock, who represents the First District of Arizona.

Mr. MURDOCK. Mr. Chairman, knowing how crowded your schedule is, I have asked for a very brief time to make a statement favoring the request of the Indian Service for supplemental funds. It is my understanding that although this is a supplemental fund it was indicated a year ago that this amount was needed for work among Indians wherever they may be. Therefore, I do not limit my appeal for Arizona Indians, but for this general aid for Indians.

My State has more full-blood Indians than can be found in any other State of the Union, as it has 17 different Indian tribes within its borders. Within the last few months I have come in contact with 10 different Indian reservations, although I do not pretend that I have been able to inspect conditions on those 10 reservations. In general, I am sure that there is real need for the funds requested and I say that after discounting some of the emotional appeals that have been made to kind-hearted citizens in the name of Indian charity.

A Congressman from Michigan told me last week that while he was at home an Indian orator appealed to churches and service clubs to demand congressional action as well as donating liberally themselves for aid to Indians. I was told that this eloquent pleader stated that Ira Hayes, a full-blood Indian who helped to raise the flag on Mount Suribachi on Iwo Jima, had a grandmother in the Navajo Reservation in dire need of food and clothing. Knowing that Ira Hayes is a Pima Indian from Sacaton in southern Arizona, I made telegraphic inquiry of Superintendent Robinson of that reservation and found that Hayes had no living grandparents and that his parents were in normal cir-

cumstances on the Pima Reservation. I cite this to show how careful we need be to discriminate in regard to our information and sift facts from fiction. I know how the good people of the country hastened to send great quantities of food and clothing to the Navajos during the two dreadful winters just passed, and I appreciate and approve of such generosity, but I do not want Congress and the Indian Service to be guilty of negligence or indifference in any respect.

I hope to see basic legislation for the benefit of the Navajo and Hopi Indians enacted soon, but I have no less interest in the other Indian tribes throughout the country. I know there are some who feel that the Indian Service spends too much of the money appropriated for overhead and that not enough gets to the Indians who need it. Even so, I urge a suitable appropriation and a follow-up to see that the greatest good is obtained for the Indians by every cent expended.

MR. KIRWAN. Thank you, Mr. Murdock. We will give every consideration to your statement concerning this problem.

WELFARE OF INDIANS

WITNESS

HON. WESLEY A. D'EWART, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MONTANA

MR. KIRWAN. We will now have a statement from our colleague, Wesley A. D'Ewart, who represents the Second District of Montana.

MR. D'EWART. Mr. Chairman, the prolonged drought in the eastern part of Montana, lack of seasonal employment in the area, coupled with an exceptionally cold winter, has resulted in a difficult relief situation on five of the Indian reservations in my district: Rocky Boy, Fort Belknap, Tongue River, Blackfeet, and Fort Peck.

Last summer there was a severe drought through this area, as well as an infestation of grasshoppers, with the result that crops were very short, and in some places a complete failure. About half of the livestock had to be shipped out of the area last fall, and work for those who depended on agricultural jobs was very short. This situation applied to the reservations I have mentioned, as well as to other areas in the eastern part of the State. Ordinarily, there is a large amount of work through this area on the various ranches for those Indians who live on these reservations. They depend on these jobs for a material part of their income. Due to the drought, these jobs were cut short in many cases, and the Indians returned to the reservations in September instead of being out working until November or the first part of December.

Since the first of the year, Montana has had a prolonged cold spell. The thermometer has registered below zero 76 percent of the time on the Blackfeet Reservation. This has added to the difficulty of these Indians. With your permission, I will insert in the record a copy of a telegram just received from the secretary of the Blackfeet Tribal Council.

I have been provided with a report, dated January 21, signed by Mr. Paul L. Fickinger, regional director, Billings, in which he states that on the Rocky Boy Reservation there are 60 families that will have to be helped from now until the season opens in the spring. At Fort

Belknap, there are 80 families; at Fort Peck nearly 200; Tongue River, 200; and in the Blackfeet an undetermined number, but probably one to two hundred families.

From the Fort Peck Reservation, I am in receipt of a letter signed by Rev. Francis T. Weidinger of Our Lady of Lourdes Church, Poplar, which I would also like to place in the record, as it indicates the need for help. In addition, I am including copies of various resolutions which show the need for immediate aid.

I have a rather complete report and survey of the situation on the Rocky Boy and Fort Belknap Reservations, giving family by family the need for relief. In addition, I have had telephone calls, telegrams, and letters pleading that we lend help in this critical situation.

I personally visited these reservations in December and knew that this situation was going to develop if the winter was at all severe, and it has been more severe than anyone expected. Before returning to Washington, I discussed the difficulties with Mr. Fickinger, the area director, and since I have been back in my office I have discussed the matters with both Mr. Zimmerman and Mr. Provinse. They have made available approximately \$20,000 from funds on hand for these reservations. That amount, of course, will only take care of the need for a brief period, and additional amounts will be necessary to carry through the rest of the winter. Mr. Fickinger, the regional director, estimates this relief need at approximately \$100,000.

At my request, the Indian Bureau is doing what it can to have surplus commodities made available to these reservations. That, of course, will help to some extent. We have also been able to have some of the elk which were butchered in Yellowstone Park made available to the Indians. However, there were not enough to take care of the Indians, except for a very few days. In the case of surplus commodities, it is necessary for the recipient to pay packaging and freight charges, which sometimes amounts to a considerable sum. An appropriation will have to be made in this instance for that purpose.

I can assure you, Mr. Chairman, that the situation on these reservations is critical and that the relief funds are not adequate to see the Indians through the winter. If hunger and suffering are to be averted—in fact, if death in many cases is to be prevented—we must have additional relief funds.

(The communications referred to are as follows:)

BROWNING, MONT., *January 28, 1950.*

Representative WESLEY A. D'EWART,
House Office Building, Washington, D. C.:

Situation on Blackfeet Reservation reaching critical stage. Stockmen of reservation suffering from lack of feed. Most serious problem is lack of equipment to open roads and keep them open in order to transport feed to cattle and supplies to people of isolated communities. Understand that \$10,000 made available to Blackfeet through regional office at Billings for direct aid to Indians on Blackfeet Reservation. Can you get confirmation of this? If weather should continue, tribal council will lack sufficient funds to carry on relief program. Would appreciate if you could bring about preparations to meet any such eventuality. Kindly advise us immediately of your actions.

PETER VIELLE,
Secretary, Blackfeet Tribal Council.

OUR LADY OF LOURDES CHURCH, POPLAR, MONT.—FORT PECK INDIAN RESERVATION

Hon. WESLEY D'EWART: I have been asked by members of the Fort Peck Indian council to make a statement concerning the need that exists among many of their members at the present time, and will exist during the coming winter months. I am an Indian missionary, working amongst them, and I have seen personally the sad condition many are living in.

Due to the poor crops of last summer, want exists amongst them, both for food and clothing. Gardens, their customary source of much winter food, produced very little. Crops on their farm land were poor, and so rental money is lacking. There is no money available from agency relief.

In visiting the homes of the Indians, I have noted particularly the plight of the children. Many have been without shoes and clothed in rags. Some are living on bread and tea, and oftentimes even this must be begged for.

I wish to urge you on their behalf to obtain whatever aid may be available for them in regard to food and clothing. You, no doubt, know the sources for this needed aid, and we are depending upon you to give these deserving Indians some assistance. May we count on you to obtain assistance for them?

I have given some assistance to the most needy, but my resources are very limited, far from supplying for the need that exists.

Thanking you in advance for the help we expect of you, I remain

Sincerely yours,

Rev. FRANCIS T. WEIDINGER.

Resolution

FORT PECK AGENCY,
Popular, Mont., December 9, 1949.

RESOLUTION BY THE JOINT DISTRICT COUNCIL HELD ON DECEMBER 7 AND 8, 1949

Whereas we have had read to us our superintendent's letters of September 13 and November 30 relative to the needed relief for our people here in the drought area; and

Whereas we anticipate that the subject is covered very well and that the funds furnished there would help greatly to alleviate the hunger and sufferings of our people; and

Whereas if at least the amounts asked for by our superintendent are not forthcoming immediately there will be much suffering and our people's health will be greatly jeopardized; and

Whereas we in joint meeting of the leaders of the three districts concur in everything contained therein, except that possibly the need may be even greater than anticipated: Therefore be it

Resolved, That we give the fullest support to the superintendent's requests for relief for our people, with the added request to our Commissioner of Indian Affairs that he take every means possible to get these funds forthcoming at the earliest possible date.

JAMES YELLOW OWL, *Chairman.*
 RUFUS RICKER, *Secretary.*

Resolution

Whereas a joint meeting was called in the Poplar District, December 7, 1949, consisting of the Fort Kipp, Riverside, and Poplar Districts, and a quorum of members of the districts being present; and

Whereas these district associations have full power and authority through their articles of association and bylaws to transact the business of the districts; and

Whereas there exists on the Fort Peck Reservation at the present time a dire need for relief for members of the Fort Peck Tribe, due to the acute lack of employment; and

Whereas the executive board of the Fort Peck Indian Reservation, being a duly elected group to look after the interests and welfare of the people of the Fort Peck Tribe; and

Whereas the present critical situation calls for approximately \$75,000 to assist the Fort Peck Tribe to survive this winter: Therefore be it

Resolved, That the executive board of the Fort Peck Tribal Council call a general council of the Fort Peck Tribe to adopt a resolution to the effect that we, the members of the Fort Peck Tribe, need a \$75,000 direct relief appropriation from the United States Government.

CERTIFICATION

We, the undersigned, as secretaries of the Fort Kipp, Riverside, and Poplar District Associations, hereby certify that a quorum of district members were present at a joint meeting thereof duly called, noticed, convened, and held on the 7th day of December 1949; that the foregoing resolution was duly adopted at such meeting by the affirmative vote of all members, and that said resolution has not been rescinded or amended in any way.

Dated this 7th day of December 1949.

_____,
Secretary, Fort Kipp District.

_____,
Secretary, Riverside District.

RUFUS RICKER,

Secretary, Poplar District.

REUBEN CANUTES,

Chairman, Fort Kipp District.

REUBEN F. FARRINEG,

Chairman, Riverside District.

JAMES Y. OWL,

Chairman, Poplar District.

RESOLUTION

Whereas the Fort Peck Chapter of the American Indians of Montana is organized, among other things, to promote the common welfare of the American Indians; and

Whereas it has come to the attention of the American Indians of Montana, through personal contact, reports of welfare committees, and numerous requests for aid for needy members of the Fort Peck Tribe, that immediate assistance is needed to relieve the deplorable condition that now exists, and to continue until such time as Congress will set up a stable employment program for the Fort Peck Indians; and

Whereas the cause of need among members of the Fort Peck Indians is the lack of employment, the reduced lease, and severe drought conditions of the past year: Therefore be it

Resolved, That the Congress of the United States immediately petition the honorable President of the United States to authorize the sum of \$50,000 to be expended for relief of the Fort Peck Indians, out of any funds from the United States Treasury for direct relief of the Fort Peck Indians, although it is known by the Fort Peck Chapter of the American Indians of Montana that Superintendent of the Fort Peck Agency has already requested the sum of \$25,000 for such purposes and the sum is estimated to be ample for 1 month.

CERTIFICATION

I, the undersigned, as secretary of the Fort Peck Chapter of the American Indians of Montana, hereby certify that the Fort Peck chapter is composed of 234 voting members, of whom 116, constituting a quorum, were at a meeting held this 11th day of January 1950. The foregoing resolution was duly adopted at such meeting by the affirmative vote of 116 members, and that said resolution has not been rescinded or amended in any way.

Date: This 11th day of January 1950.

RAYMOND K. EDER, *Secretary.*

HOWARD R. TRINDER, *President.*

Approved :

E. J. DREHL, *Superintendent.*

BUREAU OF MINES

Mr. D'Ewart. There is a second matter of great importance to which I would call your attention. The committee may recall that the Senate committee included in the Interior appropriation bill for 1950 an authorization to permit the Bureau of Mines to reacquire certain buildings at the famous chrome deposits in southern Montana. These buildings are the remains of the great camp the Government built during the war in order to develop our domestic chrome deposits. After the war they were put up for sale, and many were sold and removed. Later the Bureau of Mines began a study project at the chrome mines and found that it needed some of the structures. An agreement was reached with the owner, Mr. L. R. Lyons, of Billings, Mont., to turn back to the Bureau of Mines certain buildings he had acquired through War Assets. Mr. Lyons was willing to do this in the interests of the national welfare if he could be reimbursed for the sale price of the buildings plus his expenses in maintenance, and so forth. Unfortunately, this agreement was reached after the 1950 Interior bill had left the House, and we had no opportunity to present the matter to the House committee. The authorization was stricken from the bill in conference.

The Bureau of Mines in anticipation of securing this authorization had earmarked certain funds from its 1950 budget for the reacquisition of the properties. This money is still available. The buildings are still badly needed in the pursuit of the Bureau's investigation of chrome. The project itself is of tremendous importance, because in these mines are 75 percent of our domestic chrome supplies, chrome which will be sorely needed if our foreign supplies should be cut by international difficulties.

I urge that the committee write into this supplemental bill an authorization which will permit the acquisition of this property. The following language was suggested in last year's Senate bill:

The Director of the Bureau of Mines, for the purpose of the project now in progress on chromite deposits near Nye, Mont., is authorized out of funds already appropriated for the investigation and development of domestic mineral deposits, to reacquire for the Government certain land, buildings, and other facilities essential to the conduct of that project and known as Plancor 587, at a price not to exceed \$55,000.

Mr. KIRWAN. Thank you, Mr. D'Ewart. We will have the communications you refer to inserted in the record as you request, and you may be sure the committee will give every consideration to these matters.

WELFARE OF INDIANS

WITNESS

HON. WILLIAM LEMKE, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NORTH DAKOTA

Mr. KIRWAN. We will now have a statement from our colleague, William Lemke, from North Dakota.

Mr. LEMKE. Mr. Chairman and members of the committee, I appear in behalf of this supplemental appropriation especially for the needs of the Indians of my State.

We thought we had a severe winter last year, but this one is more severe. While our Indians have been able to get along through January, and will through the fore part of February, there will be a general shortage of food and fuel at Fort Yates, Turtle Mountains, and Fort Berthold.

It has been the aim of the Subcommittee on Indian Affairs for the Public Lands Committee to make all of the Indians in the United States self-sustaining. We have started this program, but it has not yet been completed. We hope that in the not too distant future further appropriations to take care of our wards will be unnecessary, because we intend within a reasonable time to abolish the wardship of the pioneer citizens of this Nation.

This can only be accomplished after we have given them sufficient lands and the opportunity to take care of themselves. Some of the Indian groups have already reached this point and are self-sustaining. Others have not.

May I therefore urge the committee to promptly pass this supplemental bill. The relief for the Indians is urgently needed.

Mr. KIRWAN. Thank you, Mr. Lemke. We are glad to have your statement in our consideration of this problem.

FRIDAY, JANUARY 27, 1950.

VETERANS' ADMINISTRATION

SUBCOMMITTEE ON APPROPRIATIONS

ALBERT THOMAS, Texas, Chairman

ALBERT GORE, Tennessee

FRANCIS H. CASE, South Dakota

GEORGE W. ANDREWS, Alabama

JOHN PHILLIPS, California

WITNESSES

CARL R. GRAY, JR., ADMINISTRATOR OF VETERANS' AFFAIRS

S. M. MOORE, JR., BUDGET OFFICER

E. R. OVERTON, ASSISTANT BUDGET OFFICER

F. W. KELSEY, ASSISTANT ADMINISTRATOR, FINANCE

H. V. STIRLING, ASSISTANT ADMINISTRATOR, VOCATIONAL
REHABILITATION AND EDUCATION

READJUSTMENT BENEFITS

Mr. THOMAS. We have before us for consideration at this time a supplemental estimate for fiscal 1950 for the Veterans' Administration.

General Gray, do you have any comments you care to make of a general nature on this?

GENERAL STATEMENT

General GRAY. Yes, sir.

I am appearing before you for the purpose of requesting a supplemental appropriation of \$800,000,000 for readjustment benefits which is required to cover payments to or on behalf of veterans under the Servicemen's Readjustment Act. The major part of the appropriation is to cover tuition and subsistence payments to veterans enrolled in

various types of training. The appropriation also covers benefit costs for loan guaranty and unemployment and self-employment claims.

Public Law 266, Eighty-first Congress, appropriated \$2,197,503,000 for readjustment benefits. Of this amount \$31,849,163 was expended for prior year obligations, leaving a balance of \$2,165,653,837 available for expenditure during the current fiscal year. As of December 31, 1949, \$1,409,332,165 had already been obligated, leaving a balance of \$756,321,672 available for obligation for the last 6 months of the fiscal year. Based on the current rate of obligation and upward trends in work load, the VA probably will not have sufficient funds in the appropriation to carry us through the end of March.

By far the largest part of the total increase in cost since the submission of the 1950 budget last year, is in trade and vocational training and the other training below the college level. The estimate of veterans in this type of training contained in the 1950 budget was 475,000. The preliminary reports for December 31, 1949, indicate there were approximately 87,000 enrolled in this category of training and enrollment is still rising.

In the 1951 budget, it was estimated that a supplemental appropriation of \$711,000,000 would be required in this account for the current year. Because of the continued rise in training loads, including trade and vocational training, college enrollment, and institutional on-the-farm training, the estimate has had to be revised upward.

It should be recalled that during the hearings on this item last year we of the Veterans' Administration agreed with members of the committee that our estimates for these uncontrollable items could be from 10 to 15 percent off either way. It would appear, based on current trends, that we were ultraconservative relative to the variation between our estimate and actuality. To be a little more factual, the 1950 budget estimate for education and training under Public Law 346 provided for benefits for this purpose for an average of 1,575,000 trainees, of which 1,275,000 would be in institutional training. Based on 6 months' experience, we believe we will have to provide for an average of 2,051,494 trainees, of which 1,786,595 will be in institutional training.

For the loan guaranty portion of the account, we estimated we would close 293,000 loans during fiscal year 1950 and, based on 6 months' experience, we anticipate closing 389,000 loans. With this increase in the number of loans, our other costs for guaranty losses or claims paid and property acquisitions would also increase.

For readjustment allowances, we estimated we would have a total of 3,237,000 unemployment claims and 141,600 self-employment claims for the fiscal year and trends now indicate, based on 6 months' experience, that we will have 6,812,000 unemployment claims and 198,000 self-employment claims.

That, gentlemen, together with the attached charts, outlines the immediate need for this request. If there are any further questions which you have, I will be glad to answer them.

INCREASED VOLUME OF WORK IN 1950 OVER ANTICIPATED WORK LOAD

Frankly, I think I can say that, after all is said and done, there are three of our activities—tuition and subsistence payments, benefit costs, loan guarantee, and the unemployment and self-employment

claims—where the funds are not sufficient because the volume of business we are doing this year has exceeded our estimates. In addition to that, we agreed to a reduction in the estimates originally given. The fact is that the number of people who are entitled to these payments have just simply proved, beyond the question of a doubt, the need and necessity for a supplemental.

AMOUNT OF REQUESTED SUPPLEMENTAL

Mr. THOMAS. I note you submit an estimate here for \$800,000,000 to supplement \$2,197,503,000 heretofore appropriated for 1950 for three specific purposes, namely, education and training, loan guaranty, and unemployment compensation.

General GRAY. That is correct.

Mr. THOMAS. How do you arrive at this estimate of \$800,000,000 for these three subdivisions?

General GRAY. I would like, with your permission, each of the men who are responsible for these particular activities to indicate to you what their load is now.

Mr. THOMAS. That will be very helpful.

What part of this \$800,000,000 goes into your activities, Mr. Stirling?

General GRAY. I understand, subject to Mr. Moore's check, it is \$711,000,000.

INCREASED NUMBER OF VETERANS IN TRAINING

Mr. THOMAS. How do you arrive at that figure of \$711,000,000 additional for fiscal year 1950? You were given for that purpose during the past months of the fiscal year 1950 \$2,197,503,000. Is that correct?

Mr. STIRLING. That is brought about by the increased number of veterans going into training during the current fiscal year over and above what our estimate was for the fiscal year 1950 when we originally submitted our estimate to you.

Mr. THOMAS. Those estimates were submitted about 10 months ago, I believe. Is that correct?

Mr. STIRLING. Yes, sir.

Mr. THOMAS. Of course, those appropriated funds did not go into effect until July 1, 1949, including the fact you did not get them until a month or two later.

General GRAY. That is correct. I think the significant picture, as I see it, is that our estimate was based on the anticipated number of students, and that has been so outgrown and is so much greater than that which we had any right to expect and estimate upon. The whole thing is it is simply based on the unit cost multiplied by the estimated number of men.

NUMBER OF STUDENTS COVERED BY REQUESTED SUPPLEMENTAL APPROPRIATION

Mr. THOMAS. That is what I was going to say. How many additional students are you providing for with this \$711,000,000 additional?

Mr. STIRLING. Our estimate for 1950 was for 1,575,000, and this revised estimate is for 2,051,484.

General GRAY. It is for an average of 2,051,484, of which 1,786,000 will be in institutional training.

Mr. THOMAS. In other words, you have an increase, then, in this supplemental for about 476,000 over your original estimate?

General GRAY. Yes, sir.

Mr. STIRLING. I should like to point out that in July 1949, in our budget estimate for 1950, we estimated we would have 1,445,000 men in training. We actually had in training for that month 1,659,691.

VETERANS IN TRAINING DURING DECEMBER 1949

Mr. THOMAS. How many do you have in training as of the latest month you have any calculation on?

Mr. STIRLING. December 1949, an actual of 2,293,564.

Mr. THOMAS. What was your original estimate for the month of December 1949 at the time you submitted your estimate?

Mr. STIRLING. 1,763,000.

INCREASE IN VETERANS TRAINING BELOW COLLEGE LEVEL

Mr. THOMAS. How do you account for this tremendous increase over your original estimate?

Mr. STIRLING. The tremendous increase is brought about by the increased number of veterans going into courses below the collegiate level.

General GRAY. There is a decrease in the collegiate-level training, and there is this tremendous increase in training below the collegiate level.

Mr. THOMAS. How do you account for the decrease in collegiate training and the increase in what we call institutional training or below-college-level training?

General GRAY. I base it on the fact that the men who wanted collegiate training were those, to a large degree, who were in college training at the time they left—a large percentage of them—and, as they have completed their courses, why, there is a lesser number, and these are the younger veterans, many of them, who were not in college training at the time.

Mr. THOMAS. What part of this \$711,000,000 goes for college training and what part goes for below-college training, if any goes for college training?

Mr. STIRLING. I am not sure.

Mr. PHILLIPS. Is the \$711,000,000 to which you refer the same as the \$800,000,000 referred to in the printed document?

Mr. THOMAS. That is part of it. That \$800,000,000 is made up of guaranteed loans, "52-20 Club," and then training.

General GRAY. I know from my own personal experience that in my university, which is the University of Illinois, and in other institutions of a like nature, there are not the freshman classes going in that there have been in the past. As an illustration, there is a reduction in the number of veterans entering the freshman class at the University of Illinois and, for the first time since the war, the freshman class of the University of Illinois is composed of normal high-school students. I can speak authoritatively with respect to that school, and I know it is the same in other institutions.

ESTIMATED COST OF TRAINING FOR 1951

Mr. THOMAS. On the basis of your 1 month's enrollment in December 1949, what will be the cost for training for the entire fiscal year 1950?

General GRAY. That will be our appropriation plus the supplemental.

Mr. MOORE. The appropriation is \$2,197,503,000.

General GRAY. Mr. Thomas is talking about the training side of it now. Break it down into training and add the appropriation for the training item and the supplemental now.

Mr. THOMAS. \$2,754,312,324. Is that right?

Mr. MOORE. Yes, sir.

RELATION BETWEEN INCREASED SCHOOL ENROLLMENT AND ECONOMIC CONDITION OF THE COUNTRY

Mr. THOMAS. Does the increased enrollment in your below-college level have any bearing on the general economic conditions of the country?

General GRAY. It has two bearings, I would say, and it is rather difficult, if not impossible, to give the percentage, but the economic situation of the country is one thing that has to do with it. The second thing that has a very definite bearing on it is the opportunities offered, and we will call that the advertising or solicitation of these men.

SOLICITATION OF STUDENTS BY SCHOOLS

Mr. THOMAS. I wish you would go into that in detail and tell us about that advertising and solicitation of these veterans.

General GRAY. You have seen them in the papers, and they are appearing in the press all over the country—the opening of opportunities.

Mr. THOMAS. Opening of opportunities for what?

General GRAY. For new courses—prepare yourself and take advantage of your rights and fit yourself for a better job.

Mr. THOMAS. Who is doing that advertising?

General GRAY. The schools.

Mr. THOMAS. Are they old schools that were in operation before the war?

General GRAY. Some are and some are not. I started to give you an illustration of one instance that I happen to have specifically in mind, because I was handling the case for the last 3 days with Mr. Stirling of this particular school.

Mr. THOMAS. What type of school is this?

General GRAY. This is a vocational training school.

Mr. THOMAS. What are they teaching?

General GRAY. They are teaching all kinds of trades. I am just going to illustrate to you. They are now asking us to approve the enlargement of their training to include body and fender repair for auto mechanics trades, and the question arose as to whether that is a new course coming within your stipulation.

Mr. THOMAS. How long does that course last?

Mr. STIRLING. Thirty-four weeks—added to automotive course of 34 weeks.

Mr. THOMAS. What do they charge the Government now for that tuition?

General GRAY. That was one of the controversies we were discussing, and we ruled, in order not to come under this 1 year length prohibition requirement which you put in the existing appropriation, that has to be the fulfillment of a course for auto mechanics.

Mr. THOMAS. Of course, the big question is just how much good are those courses to the veteran.

General GRAY. Some of them—and I have not a justifiable percentage-wise figure to indicate to you—I would say some of those schools—and this one I am speaking of now is an established school; it was a trade school before the war which took over the training of a special type of personnel for the armed services during the war and now has reverted back to a typical trade school—and I can mention any number of them that are excellent schools—I would say those schools are turning out trained men as a result of their courses.

Mr. PHILLIPS. How many students finish the courses; what percentage finish the courses? It seems to me that complements what the chairman asked.

Mr. STIRLING. I think we have in the report which was submitted to this committee a statement in regard to that, Congressman Phillips. I do not know whether I could put my finger on it right now, but I will try.

General GRAY. If I may finish the statement I started to make before, there are a number of these schools that are excellent. I have discussed with Mr. Stirling any number of times one school I am particularly well acquainted with, that is, the Dunwoodie Institute in Minnesota, which has been training artisans for years and years, and any man who takes that course out there turns out to be a first-class mechanic in whatever trade he intends to pursue and does pursue. On the other hand, I am perfectly frank with you in saying, as we have tried to indicate in our general report on the whole situation, that there are many of these schools which secure State recognition that do not, in our opinion, produce the end result that the time spent by the veteran and the expense to which the Government is put justify. But there is nothing, under the circumstances, we can do about it.

RECOGNITION BY VETERANS' ADMINISTRATION OF SCHOOLS GIVING TRAINING

Mr. THOMAS. The Veterans' Administration has no authority to approve or disapprove a school; does it?

General GRAY. We have adopted, I think very properly, a rule that we will not pay any fees to a school that has not State recognition, that is, that has not been certified to by the State educational authorities. In many, many instances we pointed out to the States many things, and they have in many instances improved the training given in those schools.

Mr. THOMAS. But you rely upon State approval?

General GRAY. We cannot do anything else.

Mr. THOMAS. Under the law?

General GRAY. That is correct.

Mr. THOMAS. Do you have any check as to the number of students who actually attend any approved school?

General GRAY. No, sir. We only have the information normally available to our own people plus the certification from the student that he has attended this course in the rendering of the bills. We have not any check, to be honest with you, of whether John Doe attends school from 8 o'clock in the morning until 4 o'clock in the afternoon on any specific day.

Mr. THOMAS. That is what I was going to ask you.

Mr. STIRLING. Mr. Chairman, Congressman Phillips has the answer to his question.

BREAK-DOWN BY TYPE OF TRAINING

Mr. PHILLIPS. No; Congressman Phillips does not have the answer to his question. He has some figures here which do not indicate whether they are duplicating, and you do not bring down the percentage. You say 400,000 veterans have completed college courses, 500,000 in schools below the collegiate level, 232,000 in training on the job, and 20,000 institutional on the farm. Can I add all four of those figures together and get the total, or is there some duplication there? In other words, a man who has completed his college course might also be included in those who completed training in schools below collegiate level.

Mr. STIRLING. That is quite possible, and there may be some duplication.

General GRAY. I think the error will be so minor that you can get what you really want from the addition.

Mr. PHILLIPS. In very simple language, what I want is the number of students who started courses and the percentage that finished the courses which they started. I have particularly in mind these vocational schools.

General GRAY. We will supply that information.

NUMBER OF STUDENTS WHO HAVE RECEIVED VOCATIONAL TRAINING

Mr. THOMAS. What is the total number of students, say, up to January of this year or December of last year or up to any recent available date, who have taken these vocational courses?

Mr. STIRLING. I can supply that for the record. As I understand your question, you want to know the number of veterans who have entered courses below the collegiate level.

Mr. THOMAS. Yes—vocational courses or whatever you want to call them.

Mr. STIRLING. I will supply that for the record.

(The information requested is as follows:)

As of the end of July 1949, 2,592,500 veterans had been enrolled in courses in schools below college level under the Servicemen's Readjustment Act. It is estimated that 500,000 of these veterans or 19.3 percent had pursued their courses to completion.

NUMBER OF VETERANS TAKING MORE THAN ONE COURSE

Mr. THOMAS. What part of that number have taken more than one course? I mean by that here is a chap who takes a course in upholstering or bricklaying or dancing or whatever course it is. How many of them then turn around and take another course, still of a vocational nature?

Mr. STIRLING. I have a figure in our report on that, but I will be glad to supply that for the record.

Mr. THOMAS. Can you give it to us now?

Mr. STIRLING. More than 1,300,000 changes of courses were approved by the Veterans' Administration prior to August 1, 1949. Of those, more than 1,070,000, or 82 percent, simultaneously involved a change of training facility. These changes were made by 1,117,000 different veterans, approximately 18 percent of all veterans who had entered training by August 1, 1949. About 963,000 veterans had changed their courses once; 126,000 twice; 26,500 three times, and 4,500 four or more times.

Mr. THOMAS. By "changing courses," I presume you mean here is a chap who has taken a course in bricklaying and has finished that, and without going to work at his trade of bricklaying he takes a course in upholstering, or tailoring, cleaning and pressing, or in any of the number of courses that there are.

Mr. STIRLING. That includes changes both during the training period or where they have completed the course and then went on to something that might be different. It might be in the same general field or might be in a different field.

General GRAY. In order to use up his entitlement.

Mr. STIRLING. That is correct.

RIGHTS TO VETERANS TO TAKE MORE THAN ONE COURSE

Mr. THOMAS. Under the law, say the veteran is entitled to 4 years, do you mean to say he can take, during those 4 years, four, five, six, or seven, or any number of vocational courses without ever working at any of those trades he has been going to school to learn?

Mr. STIRLING. Until the Veterans' Administration issued Instruction 1-B, effective November 1, that was quite possible.

Mr. THOMAS. What does 1-B provide?

ADVISEMENT AND GUIDANCE NECESSARY FOR DIFFERENT COURSES

Mr. STIRLING. 1-B outlined the fundamental policy of permitting a veteran to enroll in a course, complete that course, and, if he had a period entitlement left after he completed that course, to enroll in another course in the same general field. But if he wanted to go into a course in a different field, his need and aptitudes would have to be determined through the processes of advisement and guidance.

Mr. THOMAS. What do you mean by "in the same general field"?

Mr. STIRLING. As I interpret "in the same general field," I think in terms of a boy taking radio repair. He has finished that course and wishes to take something in television. Or a boy taking electrical repair, wishes to take something in the repair of refrigerators, involving the same general pattern of operation.

General GRAY. I also have an illustration which I think will be more exactly in keeping with what I think you have in mind; that is, a boy taking a course in bricklaying and then taking a course in carpentry, looking toward being a foreman of construction, or a contractor. We would consider bricklaying and carpentry in the same general field.

Mr. THOMAS. After he finished the course in bricklaying or carpentry under the 1-B rule, if he wanted to go in and take a course in danc-

ing or a course in cleaning and pressing, he would be prohibited under this 1-B rule?

Mr. STIRLING. In dancing, he would have to justify it under the avocation and recreational provisions of Public Law 266 or under the previous law, 862. In cleaning and pressing, he would have to justify it on the basis of need and aptitude.

Mr. THOMAS. What is it in the law that encourages a chap to take four or five or half a dozen unrelated vocational courses?

Mr. STIRLING. I do not believe there is anything in the law, but there is a feeling that has spread throughout the country sponsored by many classes of people, including educational and training people, that this period of entitlement is something the veteran is entitled to; that he is entitled to use it; that it is something the American people gave to him; that the boy who elects a course in medicine gets his 4 years, but the boy who may not have the aptitude or the capacity to take a collegiate course takes one of the shorter trade courses, and still has entitlement left.

Mr. THOMAS. What is it in the law or what is it that the law permits that makes it attractive to the veteran to take half a dozen of those unrelated vocational courses when he has not worked at any of them and perhaps never intends to work at any of them?

Mr. STIRLING. Specifically, my opinion is the subsistence allowance level of \$75, \$105, and \$120 against the previous subsistence allowance level of \$65 and \$90. For example, a boy today in some areas and in some occupations and who is married can make more money by going to school than he can by working.

General GRAY. He can have more income, you mean.

Mr. STIRLING. Yes, sir.

COST OF EDUCATION AND TRAINING IN 1950

Mr. THOMAS. I notice here for the fiscal year 1950, under "Education and training," the the Veterans' Administration will spend for that purpose alone \$2,754,312,324. What is the entire cost of these activities of the Veterans' Administration for 1950?

General GRAY. The total of all appropriations we have asked for, Mr. Chairman, for 1950 is \$5,625,963,310. The total supplementals we are asking for now, for 1950, are \$982,895,000, making the total amount of appropriations required for 1950 \$6,608,858,310.

Mr. THOMAS. Now, Mr. Stirling, your part of that \$2,754,312,324 is broken down into tuition, supplies, equipment, and subsistence, and at this point in the record we will insert the table in the justifications under "Education and training."

(The matter above referred to is as follows:)

Obligations by purpose

	Original 1950 estimate	Revised 1950 estimate in 1951 budget	Revised 1950 estimate (Jan- uary 1950)
Education and training:			
Tuition.....	\$572,000,000	\$764,124,000	\$793,248,180
Supplies.....	14,889,000	19,860,000	20,514,940
Equipment.....	67,314,000	75,468,000	77,956,772
Subsistence.....	1,338,750,000	1,803,138,727	1,862,592,432
Total.....	1,992,953,000	2,662,590,727	2,754,312,324

COST OF TUITION

Mr. THOMAS. You show here tuition as \$793,248,180. How do you arrive at that figure for tuition?

Mr. STIRLING. It is arrived at by multiplying the average number we anticipate to have in institutional training during the fiscal year 1950 by \$444.

COMPUTATION OF TUITION COSTS FOR DIFFERENT SCHOOLS

Mr. THOMAS. How do you arrive at that figure of \$444?

Mr. STIRLING. In fiscal year 1949, our tuition expense actually was \$443.50.

Mr. THOMAS. Per student?

Mr. STIRLING. Yes, sir; for institutional training.

Mr. THOMAS. For these below college level schools?

Mr. STIRLING. For all institutional training.

Mr. THOMAS. And the figure used for this supplemental—

Mr. STIRLING. Was \$444.

Mr. THOMAS. What is the yardstick you use in paying tuition? You do not pay all schools the same tuition; do you?

Mr. STIRLING. No, sir; we do not.

Mr. THOMAS. What yardstick do you use?

Mr. STIRLING. The yardstick is made by the school, not the Veterans' Administration. If a school has a customary charge which is, in fact, a customary charge, which is payable by all students, non-veterans, we pay that figure. If they do not have a customary charge, we establish what is considered a fair and reasonable rate.

Mr. THOMAS. Say here is a school teaching cleaning and pressing; it has been in operation 2 years. The operator rents a warehouse building or some other building and puts in some type of tools and equipment. Then here is another school that is teaching several courses of vocational education that has been in operation for 10, 15, or 20 years. Do you allow both schools the same tuition fee?

Mr. STIRLING. No, sir.

Mr. THOMAS. How do you arrive at the difference in the amounts you pay the two schools?

Mr. STIRLING. If the school has been in operation since before the war and they have, in fact, a customary charge and that rate has not been increased over 25 percent, we pay that rate. If, on the other hand, a school that has been in operation prior to June 22, 1944, and has increased their rate over 25 percent, we require that institution, as we do the institution which has been established since June 22, 1944, to submit cost data showing just exactly what they spend or have spent during a preceding period of time. For example, if a school has been in operation for a year and they wish to make a contract, we require them to submit cost data showing just exactly what they spend for salaries, for rent, for depreciation of equipment, and those items which go into the cost of operating that school.

Mr. THOMAS. And then you attempt to arrive—

Mr. STIRLING. At a negotiated rate, which is fair and reasonable.

Mr. THOMAS. On the amount of money invested, or what?

Mr. STIRLING. No, sir.

Mr. THOMAS. On what?

Mr. STIRLING. On the basis of their cost of operation.

Mr. THOMAS. For round figures, say it cost a man \$2,000 a month to run a course in a school. How much profit do you allow him to make?

Mr. STIRLING. We allow him a 10-percent profit.

SUPPLIES

Mr. THOMAS. Now take your supplies item of \$20,514,940; what is that for?

Mr. STIRLING. That is for supplies which are furnished the veteran while he is pursuing his course of training and which are required of all students.

General GRAY. Such as?

Mr. STIRLING. Books.

Mr. THOMAS. Those are furnished as a matter of law; are they not?

General GRAY. Yes, sir.

Mr. THOMAS. Books and what else?

Mr. STIRLING. The equipment. If he needs any equipment; we provide the equipment needed, the books, and certain school supplies.

EQUIPMENT

Mr. THOMAS. You have an equipment item of \$77,956,772. For what is that?

Mr. STIRLING. For instance, if a boy is taking a watch-repair course, we purchase the equipment which the school requires all students to have to carry on the training, and we classify that as equipment.

Mr. THOMAS. You mean the schools do not furnish the tools and equipment, but you do?

Mr. STIRLING. We furnish the tools and equipment that the individual trainee needs which are required by the school of all students in the institutions. We do not furnish capital equipment which the school uses to train the students; but the individual tools which the individual trainee must have we pay for.

Mr. THOMAS. What becomes of those tools after he finishes the course?

Mr. STIRLING. They become his property under the law.

Mr. THOMAS. And he can dispose of them in any way he sees fit?

Mr. STIRLING. He can dispose of them in any way he sees fit.

General GRAY. Quite a number of those supplies, Mr. Chairman, are what are commonly known as usable supplies and are used up.

Mr. THOMAS. Such as bricks, cement, lumber, and wood?

General GRAY. That is right. I am thinking of tools that wear out and supplies that are used up.

Mr. THOMAS. If he is taking a course in carpentry, you furnish the saw. Do you furnish the wood to saw, too?

Mr. STIRLING. That is what they were doing in certain schools of the country until we stopped it.

Mr. THOMAS. You stopped furnishing them with the wood?

Mr. STIRLING. Yes, sir.

Mr. THOMAS. Now you make the school furnish the wood?

Mr. STIRLING. It was discovered some time back, in certain sections of the country that had what is known as live-project training.

They were erecting buildings, and we were furnishing the brick, cement, and wood. We stopped all that. Then a bill was introduced in the House and passed the House which permits that to be done, except we would not pay for any items such as brick, cement, and wood. That bill is now pending before the Senate.

AVERAGE COST PER STUDENT OF SUPPLIES AND MATERIALS

Mr. THOMAS. What does it cost per student per course for this equipment? What do you figure that cost is for the fiscal year 1950?

Mr. STIRLING. For supplies and equipment, \$48.

Mr. THOMAS. Break it down between supplies and equipment.

Mr. STIRLING. \$10 for supplies and \$38 for equipment, per student.

SUBSISTENCE

Mr. THOMAS. And subsistence is \$1,862,592,432, and that is to cover the amount set by law.

Mr. STIRLING. Yes.

Mr. THOMAS. What are those three amounts again?

Mr. STIRLING. \$75, \$105, and \$120. However, I should add—

Mr. THOMAS. Many of those are married and have children.

Mr. STIRLING. Yes. If a man is married and has one child or more, he gets \$120; if he is married, he gets \$105; if he is single, he gets \$75. The veteran who takes training on the job cannot get more than \$65 or \$90. But there is a ceiling. If a trainee is receiving compensation for productive labor, the ceiling for combined total established by law is \$210 for single men, \$270 for married men, and \$290 for a married man with one dependent.

LOAN GUARANTIES AND READJUSTMENT ALLOWANCES

Mr. THOMAS. Now what about the loan guaranty section?

Mr. KELSEY. I presume, Mr. Chairman, you may want me to say first off how much of this \$800,000,000 is for these two purposes.

Mr. THOMAS. Yes.

READJUSTMENT ALLOWANCES

Mr. KELSEY. Roughly \$13,335,000 is for the loan guaranty operation and \$75,205,000 is for the readjustment allowances, totaling just over \$88,540,000.

Mr. THOMAS. Is that what is known as the 52-20 Club?

Mr. KELSEY. Yes, sir—readjustment allowances.

Mr. THOMAS. And that estimate has greatly increased during the fiscal year 1950 over your original estimates made in the early part of that year?

Mr. KELSEY. Yes; it has. During the period in which the large percentage of veterans had entitlement, up through July 25, there was a period of some considerable unemployment, and the number receiving allowances each week was well over 600,000, and there was also a heavy load on the self-employed during that month; so that actually by the middle of September we had spent about as much as had been estimated for the entire fiscal year, and it turned out that the estimate as presented was approximately 50 percent of what was necessary.

Mr. THOMAS. If unemployment decreases, you would not need all of the \$75,000,000 you are seeking and, of course, if it increases, you would need more?

Mr. KELSEY. That estimate will be pretty close, for this reason: That the number of veterans who are presently entitled is only about 10 percent of what it was before July 25. So, even with a rather considerable change in the unemployment situation, since there are only about 65,000 per week now on the roll, it would not be a very large change.

NUMBER OF ELIGIBLE VETERANS WHO HAVE NOT RECEIVED READJUSTMENT ALLOWANCES

Mr. THOMAS. What is the total number of veterans who are entitled to this unemployment compensation and have not received it? You say 10 percent of the total?

Mr. KELSEY. Roughly, I would say there are still about 1,500,000 who have some entitlement. It is running out daily, of course, as their 2 years run out.

Mr. THOMAS. You mean they must use their entitlement within 2 years after they were discharged?

Mr. KELSEY. To say it the other way around, the law allows a veteran this benefit for 2 years after his discharge or 2 years after the end of the war, whichever is the later date. So there are some who were discharged subsequent to July 25, 1947, who still have entitlement.

LOAN GUARANTIES

Mr. THOMAS. What about the loan-guaranty figure?

Mr. KELSEY. That figure was \$13,335,000.

Mr. THOMAS. For what is that loan guaranty to be used?

Mr. KELSEY. That consists of three items. The largest item for the fiscal year is \$41,810,000. That is the 4 percent of the guaranty which is paid as a gratuity to the veteran whenever there is a guaranteed loan. The average home guaranty is \$2,750; the average farm guaranty is \$1,600, and the average business guaranty is \$800. These amounts multiplied by 375,000, 3,500, and 10,500 home, farm, and business loans, respectively, give that figure of \$41,810,000.

PURCHASE OF HOMES

Mr. THOMAS. That is 4 percent of the \$2,000 multiplied by 375,000?

Mr. KELSEY. To be exact, 4 percent of \$2,750 multiplied by 375,000 cases.

Mr. THOMAS. To be used in the purchase of homes, or what?

Mr. KELSEY. That is the purchase of homes. I am glad you mentioned that, because that is the figure for homes.

Mr. THOMAS. Is that figure increasing or decreasing—for the purchase of homes by veterans?

Mr. KELSEY. Right now, Mr. Chairman, it is increasing greatly. The number of loans that are being made under this program, as of the current month, is about 65 percent above what it was 8 months ago.

Mr. THOMAS. How do you account for the increase?

Mr. KELSEY. It is caused primarily by the increased availability of credit. The most important factor is the 100 percent secondary market for GI loans in the Federal National Mortgage Association. It is true also that many lenders who were making few, if any, GI loans 6 months ago are now coming back into the picture. There has also been some decrease in the price of homes.

Mr. THOMAS. There is no cash involved?

Mr. KELSEY. Not in the guaranty, other than the gratuity payment of 4 percent.

Mr. THOMAS. Just how does that operate? It is no more than an insurance proposition. Where does this 4 percent gratuity come in?

Mr. KELSEY. That is simply a provision in the law that 4 percent of the amount guaranteed originally shall be paid for credit to the veterans' loan account as a gratuity. I believe the idea in the law was that this would assist the veteran with the incidental costs of his purchase. It is an outright gratuity. In the maximum guaranty case it is \$160—4 percent of \$4,000.

Mr. THOMAS. The big item there is homes. What about the business loans? Break down those three amounts for homes, business loans, and farms and tell us what number of foreclosures you are having, how the payments are keeping up, and so forth.

GRATUITY PAYMENTS ON FARMS

Mr. KELSEY. On the farms, the gratuity payment is based upon an average \$1,600 guaranty per case and 3,500 farm loans. On the business loans, the average guaranty is \$800, and the estimated total number for the year is 10,500.

AVERAGE COST OF DEFAULTS

Now, moving on the defaults, we have estimated 3,900 home defaults at an average cost to the Veterans' Administration of \$2,103. On farm loans, we estimate defaults resulting in claims on 450 cases at an average of \$1,283. On business properties, we estimate 1,650 defaults with an average payment by the Veterans' Administration of \$1,042.

Mr. THOMAS. By and large, that is a good record on the part of the Veterans' Administration. The number of foreclosures has been relatively small on homes, business loans, and otherwise; has it not?

Mr. KELSEY. That has been what I believe you might refer to as a remarkable record, although we know there have been good economic conditions.

Mr. THOMAS. What is the average loss on a home when he has used all of his guaranty? Say you are on the books for \$4,000 and have to foreclose a loan. What is the average loss? Did you say that was \$2,023?

Mr. KELSEY. On homes, the initial payment on the default has been an average of \$2,103.

Mr. THOMAS. Does that mean you are taking a net loss of about 50 percent when you foreclose a home of the amount you originally put in it?

OFFSET OF DEFAULT INDEBTEDNESS OF VETERANS AGAINST OTHER COMPENSATIONS

Mr. KELSEY. An initial 50 percent; yes, sir; although there are recoveries on those amounts, because that amount is repayable by the veteran to the Veterans' Administration, and that figure is constantly declining, but repayments go back into miscellaneous receipts of the Treasury.

Mr. THOMAS. What do you mean by "that amount is repayable by the veteran?" Do you mean after he defaults the Veteran Administration goes in and forecloses and then takes a deficiency judgment against him?

Mr. KELSEY. In some instances a deficiency judgment is taken; but regardless of a deficiency judgment, there is an indebtedness under the veterans' legislation to the Veterans' Administration, and it can be offset against other benefits, such as compensation.

Mr. THOMAS. In other words, if the veteran goes out here and buys a home and later it is foreclosed, he just cannot wipe it off and leave the amount he owes; is that correct?

Mr. KELSEY. That is right. He owes it in the manner in which he owes any other debt.

Mr. THOMAS. And you collect it by taking his benefits; is that it?

Mr. KELSEY. That may be done, although—

TOTAL FORECLOSURES ON LOANS

Mr. THOMAS. What is the total number of foreclosures you have had for business loans, homes, and farms, and what is the total loss on those foreclosures so far?

Mr. KELSEY. We have paid a total of 13,031 claims as of November 25, 1949.

Mr. THOMAS. Out of one million plus?

Mr. KELSEY. Out of over 1,760,000 closed loans. Of that number, 5,214 are home loan cases; 861 are farm loan cases; and 6,956 are business loans, where we have the greater percentage of casualties.

Mr. THOMAS. In what number of those foreclosed loans have you secured deficiency judgments and in what number have you impounded any benefits accruing to the veterans under the Veterans' Entitlement Act?

Mr. KELSEY. I do not have the figure of the number of cases in which deficiency judgments were taken. It is exceedingly small. But in every case we have the right of offset, and I would estimate that we have or will offset to some extent in most cases.

Mr. THOMAS. Do you have any discretion of not to offset or to offset?

Mr. KELSEY. Yes, sir.

DISCRETION OF VA REGARDING DEFICIENCY JUDGMENTS

Mr. THOMAS. Do you have any discretion as to whether you will take a deficiency judgment or not take a deficiency judgment?

Mr. KELSEY. Yes, sir.

Mr. THOMAS. Have you arrived at a general policy in both regards?

Mr. KELSEY. We have a general policy.

Mr. THOMAS. If you take a deficiency judgment against one, how can you avoid taking deficiency judgments against all; and if you offset benefits to one, how do you avoid taking offsets against benefits against all the rest who default?

Mr. KELSEY. I will answer first from the standpoint of deficiency judgments. There are circumstances under which the amount involved and the particular financial circumstances of the veteran and the cost of obtaining the deficiency judgment might dictate that it would not be wise, administratively, to take a deficiency judgment. In some States it is easy and the action can be taken simultaneously with the foreclosure proceeding. Under those circumstances, it may be taken. It is a matter of judgment.

As to the question of whether we recover by offset from the veteran, that is decided in this manner: I might say first-off that we go about it as though we would recover from every man, but there is in the law a right on the part of the veteran to ask that recovery be waived. If he is without fault and can show it would be against equity and good conscience and would cause an undue hardship to take any of his disability compensation, recovery can be waived by a committee. We have had a similar waiver procedure for many years under section 28 of the World War Veterans' Act that applied long before the GI bill was enacted, and there is a similar provision in the GI bill for the waiver of recovery.

Mr. THOMAS. How did that provision in section 28 work?

Mr. KELSEY. That applied initially, of course, to overpayments of compensation, where, because of some administrative error, possibly, where the veteran was without fault, he was paid a larger monthly benefit than he was entitled to and, thinking he was entitled to it, possibly spent it all. Later on we found he had been overpaid, say, \$300, and requested repayment. The veteran appealed and stated he just did not have the money and needed all of his compensation for his living expenses and he had no other income. In many cases of this kind recovery was waived.

Mr. THOMAS. That has carried over into World War II?

Mr. KELSEY. That is right.

Mr. THOMAS. The reason I asked that question was I did not remember any benefits of World War I relating to business help or farm help or the purchase of homes.

Mr. KELSEY. The GI bill, Public Law 346 of the Seventy-eighth Congress, was tied back to the old World War Veterans' Act in respect to the waiver procedure.

Mr. THOMAS. Thank you, gentlemen. It is nice to see you again.

TUESDAY, JANUARY 31, 1950.

ATOMIC ENERGY COMMISSION

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LINDSLEY H. NOBLE, ACTING CONTROLLER

Mr. THOMAS. We have the pleasure of having with the committee this morning representatives of the Atomic Energy Commission. We have our friends Commissioner Pike; Commissioner Dean; Mr. Wilson, Manager; Mr. Carleton Shugg, Deputy General Manager; Mr. Williams; General McCormack; Captain Russell; Dr. Hafstad; Dr. Pitzer; and Mr. Noble.

It is nice to see you gentlemen. You are always welcome.

Mr. Commissioner, if you have a statement you would like to give us, we will be delighted to listen to you as long or as brief as you want to make it.

GENERAL STATEMENT

Mr. PIKE. Mr. Chairman, I do not have any prepared statement. As you know, we are here on a supplementary budget, of which we first informed you, I believe, in October, just before the adjournment, when we were given a little advance money to get things going with the idea that we would give you the complete program early this session.

It happens that since then, while we need everything we needed then, there have been two or three savings show up in the program, two or three changes, so that the actual money requirement is changed for the better, I take it, from your point of view. Perhaps you will note this as you go along.

Mr. SHUGG. Mr. Chairman, on page 1 of the unclassified presentation we show at the bottom of the left-hand column a total availability for obligations of 759.9 million dollars. If there are any questions on that figure, I would be glad to answer as to how we got that 160 million.

Mr. THOMAS. As I understand, what you want in this supplemental is \$87,650,000.

Mr. SHUGG. Of contract authority; yes, sir.

Mr. THOMAS. You do not want any cash; is that right?

Mr. SHUGG. That is right.

Mr. THOMAS. What you really intend to spend in this undertaking, of which \$87,650,000 is contract authority, is about \$188,594,000, of which \$100,944,000 will be financed from funds presently available to the Commission.

The question we are interested in is, For what were those funds specifically granted, why you did not use them, and so forth?

Mr. SHUGG. Very well. Again referring to that left-hand column, by action of the Congress we had at the beginning of this fiscal year 327.9 million dollars in cash for new obligations.

Mr. THOMAS. Was it all construction money?

Mr. SHUGG. No, sir; it is for the total of all new obligations, and that was the total of the new cash granted by Congress. Added to that at that time was the recognized status of the prior year unobligated balances of 5.7 million dollars. So that the total of cash available for new obligations was 333 million dollars. To that was added 387.2 million dollars of contract authority. That gave us 720.8 million dollars for new obligations.

STATUS OF 1949 UNOBLIGATED BALANCE

In addition to that, we had agreed with the Budget Bureau to put into a reserve any unobligated balances from fiscal 1949 itself, and the status of those unobligated balances as of the end of fiscal 1949 is this: the final reports show 39.2 million dollars, making a total of 760 million dollars available for new obligations, but the 39.2 million dollars was in a reserve status with the Budget Bureau, as also was 20.3 million dollars of our fiscal 1950 obligating authority, due to the fact that we had agreed with the Budget Bureau when we obligated that 20.3 million dollars prior to July 1 we would put a corresponding amount of our 1950 obligational authority into a reserve. So that, although we had legally 760 million dollars total obligating authority as of the start of this fiscal year 60 million dollars of that was in the status of a budgetary reserve.

BREAK-DOWN OF UNOBLIGATED BALANCE

Right at that point, I can give you what items made up that \$39,000,000 or \$40,000,000 of unobligated balances.

Mr. THOMAS. You carry it here as 44.8 million dollars. Thirty-nine million dollars plus the 5.2 million dollars makes 44.2 million dollars.

Mr. SHUGG. That 44.8 million dollars consists of 39.2 million dollars and the 5.7 million dollars. So perhaps at this point you should hear what the items are, if you are interested, that gave us that unobligated balance.

Mr. THOMAS. Go ahead.

Mr. SHUGG. In the source and fissionable materials program we had a decrease in the radiation detection instruments program of one-half million.

Mr. THOMAS. Are you attempting to make this figure of 44.8 million dollars now?

Mr. SHUGG. I am going to take the figure of \$60,000,000, showing why, although we had legal total obligating authority of \$760,000,000, we—

Mr. THOMAS. Twenty million dollars of that 60 million is impounded, so that you can dispose of that quickly. That is impounded by the Bureau of the Budget.

Mr. SHUGG. Yes, sir. That was the preobligation of the test program.

Mr. THOMAS. Make up your 44.8 million dollars now. Fissionable materials is one.

Mr. SHUGG. Twenty-five and seven-tenths million dollars was in the source and fissionable materials program. There are five detail items making up that 25.7 million dollars.

Mr. THOMAS. It won't be necessary to go into detail.

Mr. SHUGG. For source and fissionable materials. 25.7 million dollars; for the weapons program, the total was 22.5 million dollars, the largest item being a decrease in weapons parts of 16.9 million dollars. In physical research there was 1.3 million dollars; in biology and medicine, 2.7 million dollars; community program, 5.9 million dollars; administrative services; 1.6 million dollars. Those make a total of 60.1 million dollars, but we also had one increase item of 5.8 million dollars—the naval reactor Westinghouse contract—which brings the net reduction as far as I have gone to 54.3 million dollars.

Mr. THOMAS. Where is that 5.8-million-dollar naval reactor program at Westinghouse; where is it located?

Mr. SHUGG. Physically?

Mr. THOMAS. Yes.

Mr. SHUGG. At Pittsburgh.

Mr. THOMAS. You do not have an installation in Pittsburgh; do you?

Mr. SHUGG. Yes, sir. We have the Westinghouse people working under the leadership of Argonne Laboratory on the naval reactor, doing the engineering at a small place we have financed there and fitted up at Pittsburgh.

Mr. THOMAS. How long has that been in operation?

Mr. SHUGG. The contract for that was let in December 1948. Westinghouse themselves bought the land in the spring of 1949. The construction of a short-term temporary type of administration laboratory building was begun in the summer of 1949.

Mr. THOMAS. I believe this is the first time you have mentioned it to the committee, is it not?

Mr. SHUGG. I believe that was covered in the presentation of the naval reactor last spring. That decrease of 60 million dollars plus the item of 5.8 million dollars brings us net reductions of 54.3 million dollars. Then the 20.3 million dollars reduces that to 34 million dollars, the 20.3 million dollars being what we used to preobligate in 1949 for the weapons test. The weapons test was the majority of it; the Argonne construction program at 6 million dollars being the other item. That brings it down to 34 million dollars. That means that we, in effect, had to distribute 700 million dollars over our 1950 program.

That program, through several miscellaneous adjustments, was brought down another \$5,000,000 to the \$695,000,000, which is on page 7 of the justifications, and that \$695,000,00 in the left-hand column on page 7 is the figure which our 1951 budget presentation shows as the up-to-date 1950 program. This supplementary presentation is to set forth some further changes in that \$695,000,000, and those are listed briefly on page 7 of this presentation.

At the same time that we show on page 7 that in our 1951 budget presentation the 1950 program itself is for 695 million dollars, we show there the expansion program at 193.5 million dollars. If those figures had been kept the same as we show them in our 1951 budget, we would have been asking for supplemental contract authority of 128 million dollars.

Now we come to the changes occurring since we put our 1951 budget in, and the simplest one to speak of is that we cut another \$5,000,000 out of the expansion program of \$193,500,000. That \$5,000,000 was a contingency item.

As time went on and we could not identify further bottlenecks, further construction that we had needed, we had less reason to hold out for a contingency; so that the first change we made since the presentation of our 1951 budget was to cut out that \$5,000,000.

Then, although there were no more changes in the \$188,000,000 needed this year to obligate for the expansion program itself, we had to take advantage of the supplemental request to sum up all the rest of our situation to show the total amount we had that could be used against that \$188,000,000. So this part I am coming to is the further changes made in the 1950 program which affect the funding of the \$188,000,000.

Mr. THOMAS. You mean you are going to break down now the amounts which go to make up that figure of \$100,944,000 that you saved, rearranged, or whatever you want to call it, out of your 1950 funds?

Mr. SHUGG. I hope I have already spoken to the \$60,000,000 of it. That is the \$39,200,000 and the \$20,300,000. That accounts for the \$60,000,000.

Mr. THOMAS. We follow you thus far.

Mr. SHUGG. I admit I have not here a detailed showing, although I can attempt in another way to show the \$5,000,000 of miscellaneous that brought the \$700,000,000 down to the \$695,000,000 which we put in the 1951 budget presentation.

Mr. THOMAS. You want to add now the \$5,000,000 to the \$60,000,000 you have already shown?

Mr. SHUGG. I want, if I may, for the moment, to leave it as the sum of a lot of miscellaneous adjustments which brought the \$700,000,000 down to \$695,000,000.

Mr. THOMAS. We are not asking you to go into detail. As it stands now, you have accounted for about \$65,000,000.

Mr. SHUGG. Yes, sir.

Mr. THOMAS. What is the other \$35,000,000?

Mr. SHUGG. The remaining \$36,000,000 is in the left-hand column on page 7, showing since we submitted our 1951 budget and the presentation in there of the \$695,000,000 for fiscal 1950, we have made further reductions of \$60,480,000 and at the same time have had increases,

shown in the three groups down below—A, B, and C—which total \$24,390,000.

Mr. THOMAS. Those are just bare figures. I looked at this very carefully. You are spelling it out to us in words now. How do you arrive at that other \$35,000,000?

Mr. SHUGG. The difference between the \$60,000,000 reduction and the \$24,000,000 additional items down below is \$36,000,000.

Mr. THOMAS. Spell it out. For what is that? Figures do not spell it out.

Mr. SHUGG. Spell out the added items?

Mr. THOMAS. Yes; spell out the added items and the decreased items where you get the plus figure of \$35,000,000.

REDUCTIONS IN 1950

Mr. SHUGG. Let me first speak to the reductions, as they come first in here. On page 9, speaking to the total reductions in the last 2 or 3 months of \$60,480,000, summarized briefly, the largest item of all is the deferral of the construction of a major facility at Hanford, which is \$54,000,000.

Mr. GORE. You mean a permanent deferral?

Mr. SHUGG. An indefinite postponement; yes, sir.

Mr. THOMAS. Would it do any harm to spell that out a little more in detail?

Mr. SHUGG. May I go off the record?

Mr. THOMAS. If you deem it best, yes. Let the record show it is a deferral of a \$54,000,000 item, and then go off the record and explain why, where, and so forth.

(After discussion off the record:)

CONSTRUCTION OF WEAPON FACILITIES

Mr. THOMAS. You show a decrease in fund requirements for construction of weapons facilities of \$3,700,000.

Mr. SHUGG. That is due principally to items for which we will not have to reimburse the National Military Establishment, as we have worked out our joint undertaking of the test program.

Mr. THOMAS. How do you arrive at that figure of \$3,700,000?

Mr. SHUGG. The \$3,700,000 is due to direct assistance for which we will not have to reimburse them for the coming test.

The second item is the same thing. The \$1,250,000 is due to operating costs in connection with the test for which we will not have to reimburse the military.

The fourth item is due to a small adjustment in the cost of a facility at Hanford, and \$1,430,000 in a summation of several reductions in the Los Alamos community facilities.

Mr. THOMAS. That is the \$60,000,000?

Mr. SHUGG. Yes, sir.

Mr. THOMAS. You are going to have to go up here to \$95,000,000 to make this thing work out right on the items you really need. Those are those that you do not need.

Mr. SHUGG. Against the \$60,000,000 reduction, as I have said, we have asked for \$24,000,000 additional, which would reduce the net

effect of the \$60,000,000 reduction to a \$36,000,000 further funding in this supplemental.

Mr. THOMAS. It is not quite that easy. You have to have an increase there of about \$95,000,000 in order to get a plus figure of \$35,000,000. You reduced it \$60,000,000; now you have to have a plus figure of \$35,000,000.

Mr. SHUGG. I have reduced it \$60,000,000, and we are still going to leave \$36,100,000 applicable to this supplemental program. In other words, we get a further sum of \$36,000,000 to contribute to this supplemental.

Mr. THOMAS. That is one way of doing it. Go ahead.

Mr. SHUGG. Speaking of these additional items—they start on page 10—the first two, totaling \$15,799,000, are move-ups from 1951. They are step-ups from 1951, and we will be required to reduce our 1951 budget.

Mr. THOMAS. These funds, though, were appropriated funds. What part were appropriated funds for construction in 1950?

Mr. SHUGG. Speaking to the first item—

Mr. THOMAS. I am talking about the total of the \$60,000,000 you did not need and now the additional \$35,000,000 that you will need.

Mr. SHUGG. It is the \$60,000,000 we did not need and then the sum of those three categories that we find to be new requirements. That is \$24,000,000. That leaves \$36,000,000 to add to the rest from the reserves to complete the amount.

CONSTRUCTION OBLIGATIONS FOR 1950

Mr. THOMAS. In other words, what you are doing is that you have \$60,000,000 of appropriated funds that you are not going to use for the time being. How much more appropriated funds did you have for 1950 for construction that you are not going to use?

Mr. SHUGG. The latest submission of the 1950 program, as we showed it in our 1951 submission, was for \$695,000,000. That is the total operating and construction. The break-down of that will be in the 1950 column of the 1951 budget. We will use all the rest of that.

Mr. THOMAS. I will put it in a different way. Of the total construction program for 1950 plus the supplemental of 87.6 million dollars, how much will you obligate for 1950?

Mr. SHUGG. Construction only?

Mr. THOMAS. Yes.

Mr. SHUGG. For 1950, there will be 276.3 million dollars of construction of the original 1950 program, plus 188.6 million dollars for this expansion program, or a total of 464.9 million dollars.

Mr. THOMAS. Will that all be obligated during the fiscal year 1950?

Mr. SHUGG. Yes, sir; prior to June 30.

Mr. THOMAS. When will you obligate that? First, what is the sum total?

Mr. SHUGG. 464.9 million dollars.

Mr. THOMAS. That is cash and contract authority?

Mr. SHUGG. Yes, sir.

Mr. THOMAS. When that is all obligated, do you have any unobligated contract authority left?

Mr. SHUGG. At the beginning of this year, the total amount of contract authority which we had not obligated, from all previous years,

if I remember right, was about 2.2 million dollars. Of course, that contract authority lapses with each fiscal year.

Mr. THOMAS. I think you have some language in this bill that gives you either 3 or 5 years on it. Which is it, Mr. Wilson?

Mr. SHUGG. That is not on contract authority.

Mr. WILSON. I think that is only on cash.

Mr. SHUGG. Yes, sir; contract authority all lapses with each fiscal year.

Mr. THOMAS. Of this \$460,000,000 plus, cash and contract authority for 1950, at the conclusion of 1950 you will not have any unobligated contract authority left?

Mr. SHUGG. That is right. That is our present expectation.

Mr. THOMAS. How much unobligated construction funds will you have?

Mr. SHUGG. That will be cash to liquidate those obligations?

Mr. THOMAS. No; just the unobligated part of it.

Mr. SHUGG. Well, we will have obligated the entire amount we are requesting for obligational authority by June 30.

Mr. THOMAS. At the end of June 30, then, you will not have any unobligated cash on hand or will not have any unobligated contract authority?

Mr. SHUGG. We expect to obligate every bit of our contract authority. Also, according to our latest reviews, we expect to obligate all cash available for new obligations. The proof is that last year we did end up with some cash which had not been obligated. We will try to do so again this year, although at this time we cannot put our finger on any one item.

Mr. THOMAS. I am not trying to rush you on the thing, but when you are handling \$400,000,000 or \$500,000,000 a year, you often save some money by failing to obligate it. Speaking of your indications, the present indications are that when fiscal 1950 expires you will not have any unobligated cash on hand nor will you have any unobligated contract authority remaining.

Mr. SHUGG. That is right; because in this presentation here in the funding proposition for this expansion program, we have cleaned up every loose end we had as of the date of submission. There may be some more deobligations; there may be minor adjustments as your obligations close out.

Mr. THOMAS. Now account for this \$30,000,000 or \$35,000,000 or whatever it is left out of your \$88,000,000. That is what it is, beginning on page 10, with your deficiency in the form of new projects. I notice most of it is going to be spent in Idaho in the installation you took over from the Navy. Is that correct?

ARCO PROGRAM (MATERIALS TESTING REACTOR)

Mr. SHUGG. Yes, the Arco program "Materials testing reactor," on page 10, \$15,599,000. That, as I say, is a step-up from 1951, and we will, by amendment, reduce our 1951 budget. We have an amendment to make there which will take 16.3 million dollars off the 1951 amount.

Mr. THOMAS. There is \$200,000 for the architect-engineer contract; is that correct?

Mr. SHUGG. Yes, sir. That is the only other step-up item.

HEAVY-WATER PRODUCTION PLANT

On page 11, we come to the admittedly new items, and the first of those has to do with the engineering design—\$500,000—on a heavy-water production plant for whose construction we would hope to get authority to obligate in 1951.

Mr. THOMAS. That is also at Arco?

Mr. SHUGG. No, sir; that is not at Arco. Part of the engineering study is to locate a plant, either a synthetic-ammonia or a synthetic-fuels plant, which will have large quantities of hydrogen available as off gases to tie into a heavy-water plant. This is a distinct technological improvement.

COST OF PLANT

Mr. THOMAS. What do you figure the ultimate cost of that plant is?

Mr. SHUGG. 4.5 million dollars for the construction features. In our amendment to the 1951 budget we make request for that but we will still have a net saving in 1951 of 16.3 million dollars after requesting the 4.5 million dollars to complete this project.

ARCO PROGRAM

(See p. 43)

Mr. THOMAS. Now, what is your \$2,000,000 item at Arco?

Mr. SHUGG. That is for a new adaptation of the materials-testing reactor. We have a detailed classified statement on that. That is for the architect-engineer contract; it is not for construction.

Mr. THOMAS. \$2,000,000?

Mr. SHUGG. Yes, sir.

Mr. THOMAS. What do you figure the ultimate cost will be; if it takes \$2,000,000 to plan it, what will it take to build it?

Mr. SHUGG. At the present time, the construction of that facility is roughly estimated at \$20,000,000. But no construction is being asked for.

Mr. THOMAS. Anyway, these items add up to what?

Mr. SHUGG. \$5,985,000.

Mr. THOMAS. For these new items?

Mr. SHUGG. This particular group is the major group.

Mr. THOMAS. Is it \$25,000,000?

Mr. SHUGG. The whole three categories on page 7 add up to \$24,390,000.

Mr. THOMAS. We will call it \$25,000,000 on pages 10, 11, and 12. Then you have some contract items at Arco of about \$423,000.

Mr. SHUGG. The reason for those small items is because of the necessity of making every known adjustment at this time.

Mr. THOMAS. What is the total of these small items? You have locations at four or five different places—some still at Arco, \$423,000 at Brookhaven, and then you have another one at Brookhaven of \$243,000.

Mr. SHUGG. That is right.

Mr. THOMAS. And you have another one at Brookhaven of \$47,000.

Mr. SHUGG. All of those miscellaneous items add up to \$2,606,000.

Mr. THOMAS. Of this total of \$188,594,000, of which you have approximately \$101,000,000 cash and for which you are seeking now

87.5 million dollars contract authority, are these all new construction projects to be started sometime in the immediate future?

Mr. SHUGG. They have already been started. That \$188,000,000 goes for those three items on page 7.

Mr. THOMAS. When were they started?

Mr. SHUGG. We started them with a limit of \$30,000,000 of obligations. We could not obligate anything that could not be closed in with the \$30,000,000.

Mr. THOMAS. That was given to you sometime in October?

Mr. SHUGG. Yes, sir; and we got the paper work cleared, I think, sometime in November and initiated these obligations.

Mr. THOMAS. You are spending about \$220,000 on this project?

Mr. SHUGG. The rate of expenditure is still low. We have ordered some very large pieces of that equipment, but the rate of cash out-go is very low.

Mr. THOMAS. Is that the \$30,000,000 deficiency you were given in October, plus this \$188,000,000?

Mr. SHUGG. That is all included in the \$30,000,000 we were given in October.

Mr. THOMAS. The \$30,000,000 is part of the \$188,000,000?

Mr. SHUGG. Yes, sir. Everything is included there.

Mr. THOMAS. You think \$188,000,000 will be the ultimate cost of those three projects?

COST OF THREE CONSTRUCTION PROJECTS

Mr. SHUGG. The \$188,000,000 will be the ultimate cost of those three projects. We do have to make this a rounded-out program and to get an even flow through the pipe line, we do have 32.5 million dollars in our 1951 budget request which we do not need to obligate until 1951.

PROGRESS ON CONSTRUCTION PLANS

Mr. THOMAS. How much have you done since October looking toward the consummation of the contracts, plans, et cetera?

Mr. SHUGG. May Mr. Williams speak to that in detail?

Mr. WILLIAMS. On the feed plant, we have completed the pilot plant work.

Mr. THOMAS. What do you mean by that—plans, specifications, drawings?

Mr. WILLIAMS. We actually had to build a pilot plant on a smaller scale than the regular plant to run some of this material through. We had done a certain amount of that work before we got the authorization on the general engineering work.

Mr. THOMAS. How much did that pilot plant cost you?

Mr. WILLIAMS. Oh, it probably cost us around \$100,000 to \$150,000 total. It is a small addition with which to get the data to construct the big plant. After the final runs were made there, we have now started on the alteration of the building and have placed orders for the major equipment.

CONSIDERATION OF LIMITING CONTRACTS TO COMPETITIVE BIDDING

Mr. THOMAS. What I am getting at is this: The committee's investigators complain at some length about the way the Commission is let-

ting its contracts on a cost-plus-fixed-fee basis. We have been told here time and time and time again that the vast majority of your construction work was done on open competitive bidding, and the investigators came back with a report that practically very little of your work is done in that manner.

The committee is considering putting a limitation on this \$188,700,000 program, requiring you to let this work by open competitive bidding. That is the reason I ask you how much of it has already been spent; how much of it, in other words, has already been completed. You did not get your money until October of last year, and we have accounted for expenditures of a very small amount—\$100,000 to \$150,000 on the pilot plant.

Is there any good reason why a limitation could not be put on this fund and all of your future funds requiring you to go back to open competitive bidding?

Mr. WILLIAMS. If you are not interested in getting it done in a given time, we can do it that way.

Mr. THOMAS. What we are interested in is in saving the taxpayers some money and seeing that you do your job right. We do not want to hurt you; we do not want to cripple you.

DISADVANTAGES OF LETTING CONTRACTS BY COMPETITIVE BIDDING

Mr. SHUGG. If we do that, that would hurt and cripple us, and we cannot meet the goals laid down.

Mr. THOMAS. I do not know how it is going to cripple you. You testified here that you have made the plans, and the fact is that these projects sometimes take 2 or 3 years, and then you change what you have. Where is that going to cripple you or hurt you?

Mr. SHUGG. Because this plant is a brand-new process. This is an extension in size of an existing, known process. We have taken advantage of some improvements as to operating pressures, but this is in an unknown field, and this plant is already late in getting started.

Mr. THOMAS. Even if it is unknown, it is open to competitive bidding.

Mr. SHUGG. It is not unknown to us or to our present contractors, but to let that out to open competitive bidding with the clearance of the various interested bidders will definitely throw that key facility in this whole expansion program away behind schedule. It is already behind schedule, because the goals which we are supposed to be meeting, set by the NME, called originally for the starting of this construction in the summer, and it has taken the normal amount of time to get this thing going.

Mr. THOMAS. How much longer will it take you by open competitive bidding?

Mr. WILLIAMS. In competitive bidding, it is necessary to know what you want to do in detail. You have to send out to the bidder, just as though you were going to build a house, a complete set of plans and specifications.

Mr. THOMAS. Is there any good reason why you cannot know pretty well in advance what you are going to do?

Mr. WILLIAMS. If you are going to build a house, no; if you are going to build a chemical processing plant that has never been built before, yes. We have to change the plans right along as we complete the work. There will be minor changes; there will be major changes.

Mr. THOMAS. Suppose that is true; that is true in every construction of a large plant, and the man who competes and gets the contract is given an opportunity to go ahead and do the work under those conditions, and if you give him change orders, those are always adjusted.

Mr. WILLIAMS. First, you have to have a complete set of plans to get a bid. We start these jobs when the plans are 10, 20, and 30 percent complete.

Mr. THOMAS. How much additional do you figure you spend the way you are operating now over what you would spend if you would take a little more time and know more about what you are doing?

Mr. WILLIAMS. In this particular job, I do not think we would spend any, because on change orders certainly you are in a position where you have to negotiate, and you have already selected your contractor, and the change orders certainly mount up to a pile of money in construction.

Mr. THOMAS. That is true on any job.

Mr. WILLIAMS. Yes, sir.

Mr. THOMAS. How are you different from anybody else in that regard?

Mr. WILLIAMS. We have always assumed we were different in that we thought this was urgent and necessary and we would get ahead with it at the fastest possible rate. The best example I know is the chemical separator plant or gaseous diffusion plant.

Mr. THOMAS. In truth and in fact, on a competitive bid you could save at least 25 percent, could you not, on a new plant?

Mr. SHUGG. No, sir.

Mr. WILLIAMS. Not on this type of work.

Mr. THOMAS. How much?

SECURITY HAZARD IN COMPETITIVE BIDDING

Mr. SHUGG. There is one other factor. I hate to play up this security business, but it does count in this one. A large portion of these plans is restricted data.

Mr. THOMAS. If you can get any more security out of A's employees than you can get out of B's employees, I would like you to do it, and what you are saying on security is all against you.

Mr. SHUGG. No, sir.

Mr. THOMAS. You are merely offering a contract to A over here, who is going to have 6,000 or 7,000 employees. His employees are not going to talk any less than B's, who sharpens his pencil and bids on the work.

Mr. SHUGG. That is not the point. In order to make competitive bids, they first have to be cleared to make a bid on this plant, and it is a very long process to clear a number of people—the chief engineers of every wishful bidder on this job. So that there is a definite slow-up in trying to get a clearance of the bidders on the job.

Mr. THOMAS. There is no question of that.

Mr. SHUGG. This plant itself is being built right in the middle of the most restricted area down there. If we ever had a case, this is off by itself.

Mr. THOMAS. Well, you clear 8,000, 9,000, 10,000, or 15,000 construction employees, and why could not you clear some 30 or 40 of the top officials of some engineering or building concern to bid on this?

Mr. SHUGG. No matter how many thousand construction employees we have to clear, those are cleared as the work opens out and we are adding jobs; it is not all done at once. But if we have to take open competitive bids, we have to get all of the prospective bidders cleared before they can put in their figures.

Mr. THOMAS. There are not going to be over 30 or 40 of them as against some 15,000 employees. If there are, you are putting a little too much emphasis on the security angle.

Mr. WILLIAMS. If you were a construction contractor and had ever done any work under these regulations and had to put in a bid on a lump-sum basis to do a job like this, knowing the delays in getting people cleared and knowing all of the other delays and obstacles you have to encounter under this type of work, you would certainly put in a good, large factor to protect yourself, and that particular factor would certainly wipe out any gain you might expect to get by open competitive bidding.

Mr. THOMAS. Now, that is an assumption with which I cannot agree. There is not a man in this Congress, not a man on this committee, who has not seen hundreds and hundreds of contracts, and we all know that when people sharpen their pencils and openly compete you are going to get a far better figure than when you just sit down and put it on a cost-plus basis. Every agency of this Government, with the exception of one or two—and I suspect you comprise the only exception—is doing its construction work on open competitive bidding.

Mr. WILLIAMS. They are not doing it under the secrecy we are and under the obstacles we are. That is where the cost comes. If you were a contractor and laid out your work on a particular schedule, for the ordinary Government work you would hire those people, put them on the job, and lay them off as you see fit; but if you need 100 or 200 carpenters the next morning to do the job and you have to get them cleared before you can put them on the job and it takes, maybe, 5 or 6 weeks to get them cleared, you are going to add some more money to make up for that loss.

Mr. THOMAS. Are they all your "favorite" contractor's employees, or does he pick his own employees and do his own clearing?

Mr. SHUGG. We clear them. The FBI field investigators have to investigate every Atomic Energy Commission employee.

Mr. THOMAS. Well, there is a total of some 30 or 35 people.

Mr. WILLIAMS. We clear more than that, so far as the total is concerned.

Mr. THOMAS. Suppose you have up to 100 bidders: What would be the tremendous, extra heavy burden of going out and clearing 50 or 100 contractors who want to sharpen their pencils and bid on the job?

Mr. WILLIAMS. As to the bidders, unless you give them emergency clearances, which are frowned on, that would take several weeks, and that will delay getting the job done. Then we have to put the bids out, and it will take at least another 30 days to put them out.

Mr. THOMAS. Suppose it takes 60 days to put the bids out and clear the contractors. You will get the job done quicker by those fellows

who sharpen their pencils and have an interest in getting the job completed than you will from a man working on a cost-plus-fee, who, I guarantee, will make it last longer than 60 days. You know it and I know it.

Mr. WILLIAMS. He is interested in trying to get the job done, because he can use those people and make more money somewhere else.

ECONOMY TO GOVERNMENT IN USE OF SAME CONTRACTOR FOR TWO PLANTS

Mr. SHUGG. There is one important factor we have not mentioned. In this particular plant we would use a contractor already working on a plant which is the next most similar to this, the K-29 plant, and there is a definite economy to the Government in having the same contractor do the two plants.

You might ask why don't we go back on the K-29 plant, but whoever got the K-29 plant, which preceded this K-31 and which is under contract now—there are very certain savings by having the same contractor construct the two plants.

Mr. THOMAS. That is a conclusion. Just where is that saving?

Mr. SHUGG. Any time we have a special job like this, the first time that any contractor does it, it costs him more than the second time he does it. The fact is that his crews, all of his skilled men, have gone through the intricacies of the first plant, and if they get used to the cascade arrangement and special features in the first plant, that same crew can shift over and take in rotation the second plant. There is a tremendous saving there, as evidenced by any figures.

Mr. THOMAS. All you are saying just adds up to one thing, and it is contrary to all human experience in the contracting field. The only thing definite you have put your hands on is the 60-day period to clear your contractors and advertise the bids. I think a man who is in there on a definite bid proposition is going to do that job in less time by 60 days than the man who is sitting over there with a cost-plus-fee contract. You are paying his employees; you are paying everything. He has no incentive to hurry up the job, because he is going to get more the longer he stays there, and so forth. That is just human nature. You cannot do anything about it.

Mr. WILLIAMS. That is not the only time you lose. We have to get those bids in and analyze them, and we have to make the award. That sometimes takes as much as 30 days on a complicated job.

Mr. THOMAS. Well, you gentlemen give us the impression—you certainly give it to me—that you are not interested in saving a dime of the taxpayers' money by putting yourselves to a little more trouble or delaying yourselves 30 or 60 days, which may speed you up in the long run 2 or 3 months. You are not interested in that.

Mr. WILLIAMS. We have demonstrated by examples that we are interested in saving the Government money.

Mr. THOMAS. Where? Put your finger on one.

Mr. WILLIAMS. We saved in the operation of the town last year by cutting off people, by economies and more efficient operation, \$4,000,000.

Mr. THOMAS. You did not do that; this committee did it. It took us 3 years to do it for you. We asked you to do it for three long years, and you did not do it. Finally we did it for you.

Mr. WILLIAMS. I do not recall that.

Mr. THOMAS. Do you want us to get out the hearing and read it to you, if your memory is a little short?

Mr. WILLIAMS. When would you say this started—last year?

Mr. THOMAS. I do not know.

Mr. WILLIAMS. We started out and cut the budget for Oak Ridge from \$11,000,000 down to 3.8 million dollars in 2 years.

Mr. SHUGG. I can cite savings. I can take the unit cost of our actual fissionable material, and we can show you savings at both plants which were not initiated by the committee and savings of a tremendous variety. We would very much like to have half a day to be able to lay in front of you the savings we have made which originated no other place than with us.

CLEARANCE OF EMPLOYEES WORKING UNDER CONTRACTS

Mr. THOMAS. You are going to get more than half a day when we go into your 1951 budget; so you will have ample time.

Mr. PHILLIPS. Mr. Chairman, I do not understand the witness' reference to your comment about hiring carpenters. You said what the chairman calls the "favorite" contractor can produce 100, 200, or 300 carpenters, or whatever the job needs, while the man who takes a contract on the basis of the low bid cannot do that. I do not see why; I do not see the point. You are not contending to this subcommittee that your "favorite" contractor, to identify him in that way, has all of those carpenters standing out in his back yard, already screened and ready to go to work whenever you happen to need them?

Mr. WILLIAMS. That is not what we are trying to contend; no, sir.

Mr. PHILLIPS. Is that your testimony?

Mr. WILLIAMS. I think if you have a contractor, as we have on these big jobs, he has a great deal more flexibility in where he can use that over-all crew of people than if you let it out on lump-sum bids and break it into many parts, where you have various contractors doing various parts of the work and each having to worry about his force. Here you have a larger force, so that there can be more carpenters, we will say, for the one contractor to spread over the job.

Mr. PHILLIPS. Your one contractor has, say, 100 employees. You say that is good; 10 contractors have 10 and 10 and 10 and 10 employees, and they both add up to 100. How is it going to take any more time to screen the men you need for three or four little contractors or for one contractor, whom you have not had before, than it is for one man? He cannot keep all of those people sitting around waiting for him to give them jobs. I think they have been working in the meantime for somebody else.

Mr. WILLIAMS. We do have them working.

Mr. PHILLIPS. You mean you are the only person who gives work to this contractor to whom you want to give the contract?

Mr. WILLIAMS. Who gives him that kind of job? We give him the total job.

Mr. PHILLIPS. And he does not work for anybody else, ever, during the year?

Mr. WILLIAMS. On the outside?

Mr. PHILLIPS. Yes.

Mr. WILLIAMS. Oh, sure; he has other jobs.

Mr. PHILLIPS. Well, you lost your argument right there.

Mr. WILLIAMS. He has other jobs for which he has people employed, but he certainly has to figure the people for those jobs on the particular kinds of jobs he may have. He does not use those people for our job. And, no matter if he did, you have to get them cleared.

Mr. PHILLIPS. That is my point. It takes a certain amount of time either way.

Mr. SHUGG. Let me see if I can clear this up. In the first place, as far as the delay in time goes due to the security clearance requirements here, there is a certain delay which must ensue before the prospective bidders can even get the specifications. Before they can even receive the specifications to bid on them, they must be cleared, because this is a highly restricted plant.

So there is a first delay there of clearing the employee staff and organizations prior to their receipt of the specifications themselves, and then after that there is the submission of their proposals, and there is a delay which is entailed in any job where you have to evaluate the bids. So, there is a delay involved there. Furthermore, a third and very important point is that this contractor was already on the job on a similar preceding plant, the K-29, with his key personnel there, and his skilled workers and his whole organization already at work on this similar plant, K-29, and there is a definite saving to the Government of very real dollars to have that same crew cross over and do a fast job on the new plant.

REPORT OF INVESTIGATION OF AEC

Mr. THOMAS. You pay all of his personnel costs, and he can have 2,000 or 3,000 more men than a private contractor would have if he had to get out and sharpen his pencil, and yet you pay for all of them. Let me read, if I may, one expression from the committee investigator's report, Mr. Phillips, dealing with this subject. [Reading:]

At each of the locations visited, it was noted that both AEC and contractor personnel were in attendance at numerous conferences, and personnel at each location were visiting other locations for the purpose of holding conferences.

Examination of AEC contract organization charts indicates that personnel at all levels are graded quite high, yet it appears that most of them are unable to make any decisions even in the most minor matters without numerous conferences at the site and with personnel from other locations. Despite the theoretical decentralization of the Commission, most of the decisions reached, after a series of local conferences, must then be referred to headquarters in Washington. Further conferences are then held in Washington before the matter is finally resolved.

Let me read one other paragraph, and there are quite numerous other observations in here. Further quoting from the committee investigators' report they state:

It was consistently maintained throughout the Commission that complete responsibility had been delegated to its contractors. At every site visited, AEC maintained a large staff which would indicate that either the responsibility has not been delegated as claimed, or that considerable duplication exists in certain functions which are performed both by AEC and the contractors. Personnel strength of AEC with contractor organizations for September 1949 is as follows:

and I will not insert that table now.

Mr. SHUGG. May I point out, Mr. Chairman, right in connection with that comment that the procedure you are thinking of having put on this plant would call for a whole lot more conferences and meetings, and that that is exactly why the necessity of putting such a

plant as this under an open competitive bid system would certainly increase the type of conference that is being spoken of there.

Mr. THOMAS. Your observations to Mr. Phillips certainly prove up what the investigator says, namely, that the favored contractor really runs the show, and then he lets all the subcontracts, and so forth.

Mr. PHILLIPS. Mr. Chairman, if Mr. Shugg were right, then the AEC would have nothing to worry about, the favored contractor would be the low bidder.

Mr. SHUGG. If that could be said then we would have howls from the other bidders to get in this and that stipulation and alternate that would keep the contractor who had the initial plant from taking advantage of that. That is just a good example of what adds to the complication of trying to get a fair evaluation of bids when this particular contractor is already in there with a similar plant.

Mr. THOMAS. Well, what is unfair about it if he is the low bidder?

Mr. SHUGG. If we felt that that would make sure that this contractor did get the low bid, then we would simply be risking the delay necessary to going through all of this competitive bidding system.

Mr. THOMAS. Oh, no; we think if he had it on a competitive bid that the cost would be 25 percent lower than you are paying him now.

Mr. SHUGG. I was just going to say that we would have to evaluate the delay in time against the saving in money which you gentlemen visualize would be certain to ensue if he had a fixed price instead of a reimbursable contract.

Mr. THOMAS. The delay in time goes on for about 60 days by your own estimate, and if a man sharpens his pencil he will certainly save more than 60 days.

Mr. WILLIAMS. Sixty days is a small part of the time involved, Mr. Chairman. I would certainly hate to have that impression go around the table.

Mr. THOMAS. Then put in the figure you want. What is the correct figure?

Mr. WILLIAMS. I would like to go back and say that, as I stated, the completion of plans and specifications to the point where you can get them 100 percent complete and ready to send out to the bidders would take approximately a year. In the gaseous diffusion plant addition it will take that long.

Mr. THOMAS. You do not have them when you let the contract to the contractor?

Mr. WILLIAMS. No, sir.

Mr. THOMAS. Do you mean you are paying all of that big staff for sitting around there doing nothing?

Mr. SHUGG. No, Mr. Chairman. This plant is taking advantage of everything they have learned in the operation of the previous plant. This is operating under different pressure then when we built a similar plant, in the Manhattan district.

Mr. THOMAS. The contractor is no scientist. He is just a construction man. What is your high-powered staff doing down there if they cannot point out improvements and put them in the plans and specifications?

Mr. SHUGG. We have not been authorized by you to expend money for the last 4 years to go into the design of a new plant. That has not been authorized.

Mr. THOMAS. What is your staff doing down there? The report of the investigators says that they are not doing anything. What do you claim they are doing?

Mr. SHUGG. I do not think a reporter can judge in connection with such a job whether they are doing anything.

Mr. THOMAS. What do you say they are doing; he says they are not doing anything and that they are afraid to make a decision.

Mr. SHUGG. I think a good deal of that fear to make a decision, Mr. Chairman, has come from the fact that there is a growing feeling in the field that everybody has to be absolutely safe of all possible future criticism before they can make a move, and it has slowed us up during this summer and fall. We are having to hold back now, and the effect of it in the field is everybody figuring it does not matter if they save time or money, they have to be absolutely right and not subject to any criticism before making a move. It is a defeatist attitude, and it is a very real thing in this whole Commission since this series of investigations that took place last summer. It has slowed up our program sir, and we are working with contractors now who would not even take our word for the fact that they will not have to deal with the O'Mahoney rider procedure and that they are authorized to go ahead on this. They want a photostatic copy of the Budget Director's approval because they interpret the law as meaning that they are individually responsible.

Mr. PHILLIPS. What is the O'Mahoney rider?

Mr. CASE. It is the exception to the general limitation.

Mr. SHUGG. Yes, sir. Instead of people going ahead and having the courage of their convictions they are now worrying about the documentations and the record. That does not help us to push the job ahead.

CHANGES IN LANGUAGE

Mr. THOMAS. I notice that you want to bracket out certain language from the regular 1950 bill which reads as follows:

The authorization under this head in the Independent Offices Appropriation Act, 1950, to enter into contracts for the purposes of the appropriation therein made, is increased from \$387,189,628 to \$474,839,628: *Provided*, That the third, fourth, and fifth provisos under this head in the Independent Offices Appropriation Act, 1950, as amended by the Act of October 28, 1949 (Public Law 422), are hereby repealed.

Now, here is what you want stricken out of what we call the O'Mahoney rider. It reads:

Provided further, That no part of this appropriation or contract authorization shall be used—

(A) to start any new construction project for which an estimate was not included in the budget for the current fiscal year;

Now, what is wrong with that? All they are saying is that they want you to know pretty well what you are saying in advance before you start; and, as the committee investigator points out, if you had done that 3 or 4 years ago you would have saved the taxpayers lots of money. One example of it is set out over here.

Mr. PHILLIPS. The final proviso, at the bottom of the page, seems to me is a saving clause for that.

Mr. THOMAS. The other one is—

(B) to start any new construction project the currently estimated cost of which exceeds the estimated cost included therefor in such budget;

Maybe that one ought to come out. If construction costs rise a little bit, or there is some change in plans where it costs a little more maybe you ought to be given a little more latitude, I do not know.

(C) to continue any community facility construction project whenever the currently estimated cost thereof exceeds the estimated cost included therefor in such budget; unless the Director of the Bureau of the Budget specifically approves the start of such construction project.

How does that hurt you too much?

Provided further, That whenever the current estimate to complete any construction project (except community facilities) exceeds by 15 per centum the estimated cost included therefor in such budget or the estimated cost of a construction project covered by clause (A) of the foregoing proviso which has been approved by the Director, the Commission shall forthwith submit a detailed explanation thereof to the Director of the Bureau of the Budget and the Committees on Appropriations of the Senate and of the House of Representatives and the Joint Committee on Atomic Energy:

Mr. PHILLIPS. Read further, Mr. Chairman.

Mr. THOMAS (reading):

Provided further, That the two foregoing provisos shall have no application with respect to technical and production facilities (1) if the Commission certifies to the Director of the Bureau of the Budget that immediate construction or immediate continuation of construction is necessary to the national defense and security, and (2) if the Director agrees that such certification is justified.

Is there anything bad about that, gentlemen?

Mr. WILSON. Mr. Chairman, at the time Congress amended that rider the report of the Joint Committee on Atomic Energy commented on this subject, and I think there are two points in here that are relevant, and which I will read. They said:

It is the belief of the Joint Committee on Atomic Energy that the construction provision unduly emphasizes the importance of and desirability of obtaining firm cost estimates on Atomic Energy Commission technical construction projects which are used to make the product for which the Commission is responsible.

Mr. THOMAS. The House changed this proviso when—about 2 weeks ago?

Mr. SHUGG. No, sir. The certification provision was changed just before Congress adjourned in the first half of October, Mr. Chairman.

Mr. THOMAS. Did not some legislation on the subject go through the House?

Mr. WILSON. This action was taken by the Congress in October to amend this, and the committee stated:

This committee and the Congress expect the Atomic Energy Commission to drive ahead with its essential construction projects with all possible dispatch. With this principle as our guide, we recognize that speed is primary.

The committee fully recognizes that many atomic energy facilities possess unique characteristics and, in fact, are of a type that have never before been built. Furthermore, the committee is impressed by the fact that it is necessary in many cases, in order to obtain the necessary drive, to proceed immediately with construction in situations where time permits only the preparation of incomplete plans and specifications.

Mr. THOMAS. What I do not get through my head is how you are going to save any time when you go out here and call a man in on a cost-plus-a-fixed-fee basis and let him pile up costs with men sitting around, and then when you get half done change your plans and specifications. If you spent that same time that the contractor has used and that you are paying the bill for in advance planning and then you would submit those plans to independent contractors and

let them sharpen their pencils, you are bound to save the taxpayers of this country money; and as far as the time element is concerned you will get the job completed faster.

DIFFICULTY OF SECURING AID FROM PRIVATE COMPANIES FOR AEC CONSTRUCTION

Mr. WILLIAMS. That is not the way the project was built originally, Mr. Chairman.

Mr. THOMAS. Oh, yes, you built it under different circumstances then than you are building it under now.

Mr. WILLIAMS. I have been with this job all of the way through, and to get it done now is much more difficult than it was during the war. I was in charge of the construction of the Y-12 plant and the gaseous diffusion plant.

Mr. CASE. In what respects it is more difficult now than it was then?

Mr. WILLIAMS. You cannot pull in as many of the competent people now as you could at that time. For instance, when we built the gaseous diffusion plant we pulled in people from many organizations, people from oil companies and other companies all because they came in on a loyalty basis. They felt it was wartime and that they should contribute their help. We had some of the best brains in the country helping us. You do not have that resource of people in the first instance.

Mr. CASE. You can get them for this particular work, can you not?

Mr. WILLIAMS. No, we cannot get the same number for the concerted effort that we had at that time, because the oil companies and other people are trying to make a profit now, to make some money, and they need these people on their regular work. Everyone was pretty well regulated during the war, and they were selling direct products that they had.

Mr. THOMAS. If you try to get them on the old patriotic basis, I think people are just as patriotic now as they were in 1941 or 1942, and if you approach them on the same basis on which you approached them then I will guarantee that you will still get them.

Mr. WILLIAMS. Mr. Chairman, at that time we had a different atmosphere, the whole country was keyed up. Now you approach them to do this work, and they say this was all very fine during the war. We did not mind if we did not make a profit during the war, but now we have to look out for our profits. We are expecting to make profits. We have had this matter up with more than one contractor.

Mr. THOMAS. You do not mean to say your present contractors are not making a profit, do you?

Mr. WILLIAMS. Yes, I assume they are making some profit or they would not be in business. They have to make a profit to be in business.

Mr. THOMAS. Mr. Gore.

K-29 PLANT

Mr. GORE. This program is under way now, the K-29 plant is under contract?

Mr. SHUGG. Yes, sir; and it has been since last August.

K-31 PLANT

Mr. GORE. What steps have been taken with respect to the K-31 plant?

Mr. SHUGG. The same contractor has increased the quantities wherever the equipment and material is similar. The steel has been ordered, the compressors have been ordered, and some of the key equipment has been put on order.

Mr. GORE. Do you mean that the contract for the K-31 plant has already been consummated?

Mr. SHUGG. Up to the limit of \$30,000,000 ceiling obligation authority which we went ahead on last October. What was the split of the \$30,000,000, Mr. Williams. Have we allowed them \$10,000,000 or \$12,000,000?

Mr. WILLIAMS. \$12,000,000.

Mr. SHUGG. We took the \$30,000,000 ceiling we had out of our budgetary reserve last October and split that between those three jobs.

Mr. GORE. That is the \$30,000,000 which was discussed before this committee in October?

Mr. SHUGG. Yes, sir, and which is now included in this \$87,000,000. That is all a part of the \$188,000,000 which we are asking for, so that under the ceiling of \$30,000,000 our people have used their best judgment and ordered the stuff which needs to be ordered quickest.

Mr. GORE. Then to that extent, a contractual relationship has already started?

Mr. SHUGG. Yes, sir, it started within 8 hours after the authorization. We believed that this thing was urgent. We got the figures and we made up the timetable to the 1st of January 1956, and we gave a definite go-ahead on that within 8 hours. It did not take all of this conference procedure which has been cited here. We gave the go-ahead order on that within 8 hours from the time we were legally able to.

Mr. WILLIAMS. And we have placed \$16,000,000 worth of firm orders for equipment already on this job, Mr. Gore.

Mr. GORE. Then to enter into a low bidder contractual relationship for the remainder of the contract authority for which you are now seeking approval would necessarily take into consideration the accomplished fact that to the extent of \$30,000,000 you are already obligated on the cost-plus-a-fixed-fee contract?

Mr. SHUGG. This contractor who is doing the K-29 plant will use the same equipment sheds and field shops, and all of his organization will serve both plants. He will use the same drafting-room organization and the same purchasing organization. It is just a matter of expanding requirements beyond those for the K-29 plant and to include the further requirements which will be necessary for the K-31 plant.

STAGGERING OF WORK BETWEEN K-29 AND K-31 PLANTS

Mr. GORE. To what extent can the work be staggered so that crews can be shifted from the K-29 plant to the K-31 plant as various steps are completed?

Mr. SHUGG. Because the essential cells are the same and the cascade elements are the same, and because they put these cells into operation

as they complete them that will be a continuous process from the early stages of the K-29 plant on, right through K-29 and 31.

Mr. GORE. Are you saying that a portion of the plant or various portions of the plants, K-29 and K-31, will be put into use before the entire plant is completed?

Mr. SHUGG. Yes, sir, that is correct, Mr. Gore. The whole thing goes on like an endless belt operation.

Mr. GORE. Do you have any cascade units in K-29 completed and in operation?

Mr. SHUGG. No, sir.

PROPOSED COMPLETION OF K-29 PLANT

Mr. GORE. When do you expect that to be accomplished?

Mr. WILLIAMS. We expect the whole plant to be in operation 18 months from now, and we expect some of those parts to go into operation about 4 months before that.

PROGRESS OF PHYSICAL WORK OF K-31 PLANT

Mr. GORE. Has all of the basic physical work been done on K-31?

Mr. WILLIAMS. Yes. We have drained the area. That took a certain amount of drainage work. The engineering and survey work has been done and the building has been located.

TYPE OF CONTRACT

Mr. GORE. Under what kind of a contractual relationship was that done; is that a part of the \$30,000,000?

Mr. WILLIAMS. Yes, that is part of the \$30,000,000, and that is under a fixed-fee contract.

Mr. GORE. Is the contractor who is now building K-29 a different contractor?

Mr. WILLIAMS. No, the contractor building K-29 is the same one.

Mr. SHUGG. I will say that I am very sure we were questioned both in the earlier presentations made to the Senate and the House as to how we could go so fast. We emphasized the fact that it was our intention on this plant, which is the bottleneck of the whole program, to do certain of the work with the contractor who is presently engaged in K-29. We had emphasized that in order to meet some of the doubts in the minds of the Congressmen as to how we could need money that fast, and we told them very plainly that this would be an extension of the contract by letter to the same contractor.

In case our extended remarks are not clear, in summary, let me say that there is an early delay due to clearance, first clearance before they can get the specifications, and then there is delay due to evaluation of the competitive bids and then the third point is that there is a very real dollar saving by the same contractor who is doing K-29, doing this K-31. Then, as Mr. Williams has pointed out, aside from everything else the fact that the process in this plant can take advantage of the latest technique resulting from the plans effected which have been done over a period of almost a year.

In order to get lump sum competitive bids it would entail the biggest delay of all. The plans would have to be complete in order to write

up all of the specifications on the plans for a lump sum competitive bid, and that would be a delay on the order of a year.

Mr. GORE. The chairman of the committee has expressed a real concern, which is shared, I dare say, by not only the other members of the committee, but very widely in Congress, and I believe in the country, that now that the AEC is an established agency we must begin to develop with maximum speed the methods necessary to get the most for every dollar spent, taking into consideration both urgency and speed.

You have made what seems to me to be a pretty strong case for proceeding under your present contractual relationships with respect to K-29 and K-31, but something about which I am not convinced is the degree and the success of supervision of the contractor to the end that he will not pyramid the cost through changes of plans and tearing out and refixing with the over-all end in view that his total fee, which is a percentage of the total cost, will be higher.

Mr. SHUGG. No, sir; that is not the case at all, Mr. Gore.

Mr. GORE. That is not the case?

Mr. SHUGG. The whole job is contracted far ahead of time as one lump sum figure and the fee negotiation is based upon that, so, therefore, the fee does not change a penny.

ON-SITE SUPERVISION OF CONTRACTS

Mr. GORE. All right; you have certain supervisory personnel on the job. Are you the gentleman who supervised the contract?

Mr. WILLIAMS. I am the director of production here in Washington, and we have people on the ground out in the field who supervise the contracts.

Mr. GORE. What I mean to say is are these people more or less under your supervision who do supervise this contract?

Mr. WILLIAMS. That is right, under the manager at Oak Ridge there are people who directly supervise the contract right on the site.

Mr. GORE. Now, what authority do those people have to direct economy in operation on the part of the contractor?

Mr. WILLIAMS. They have all authority. They work with the contractor from day to day. They go over his force carefully there on the job every day, and if there are more people on the job than are apparently necessary they can tell them to take them off, and if they do not do so we do not have to reimburse them for those people.

ECONOMY AFFECTED BY SUPERVISION

Mr. GORE. Can you cite some instances in which some economy has resulted from such a procedure?

Mr. WILLIAMS. During the war I was directly on the job, and this was fixed-fee work. During the war, the same type of work we are doing now, and at that time I was directly on the job, and twice a day I covered the whole job personally. I had people in the electrical field, in the mechanical field, and in the service field who were out on the job all the time, and I made a tour of that job twice a day.

At times, I found people who were not working, but those people were not there the next day. Those people have numbers on them

and I took them and turned them in to the contractor, and at that time production was not very high during the war. It is much better now, but even under those conditions I would go to the contractor and say that I saw certain people that apparently had nothing to do, and here are their numbers. If there was not some good reason for them not being busy at that time we just disallowed the contractor reimbursement, and he would get them off the pay roll.

Mr. GORE. Can you cite any cases that have occurred within the past 12 months in which your supervisory personnel have brought about either a diminishing of the personnel for which the Government is required to reimburse the contractor or an economy in material use or operation?

Mr. WILLIAMS. Well, I think that one example would be this: We had at Hanford a certain schedule build-up to be met out there, and by close inspection on the job it was apparent that with the number of people he had on the job we still were not going to be able to meet the schedule, and our manager out there directed that the number be reduced, and the number was reduced by several hundred people. That was Mr. Schlemmer, at Hanford. That was in the pile area, 234-5, and we reduced the number of people there.

Mr. GORE. Yes, he is a good man.

Mr. WILLIAMS. He has had a lot of experience in construction, and he knows what it takes to do a job.

Mr. GORE. Did the reduction in force affect the completion date?

Mr. WILLIAMS. The reduction in force at that time did not affect the completion date too much because it was not personnel on the job that was required. It was other causes.

BREAK-DOWN OF K-29 PLANT EMPLOYMENT

Mr. GORE. Can you cite any instance at Oak Ridge with respect to the K-29 plant?

Mr. WILLIAMS. The K-29 plant has gone along in a very orderly manner, and they just have not built up a large force there. At the present time, I believe we have about 2,000 people, or 2,100 people on the total job.

Mr. GORE. You mean on K-29?

Mr. WILLIAMS. On K-29 and on this work on K-31 it is a total of 2,100 people, including the electrical, the mechanical people and the rest of them.

Mr. GORE. Can you break those down into categories?

Mr. WILLIAMS. I do not have the break-down with me.

Mr. PIKE. We can get that for the record.

Mr. WILLIAMS. I do not have it with me, but we have that in the files.

Mr. GORE. Mr. Chairman, I will not pursue this further, but I would like to request that in the record a break-down of these 2,100 people be included showing the number of supervisory personnel of the contractor, the various categories of technicians, the labor subdivisions, and also I would like to know the number of AEC personnel we are using on this contract, what authority they have, and instances that can be cited, if any, where effective reductions or economies have been accomplished.

(The matter referred to is as follows:)

ANSWERS TO QUESTIONS BY CONGRESSMAN GORE

1. What is break-down of construction contractor's labor on the production-plant facilities at Oak Ridge?

Answer: Detail break-down shows employment on January 30, 1950 which is generally typical although slightly lower than last week due to rain.

Foreman-----	99	Plumbers, welders, and steam-	
Structural ironworkers-----	104	fitters-----	168
Equipment operators-----	84	Sheetmetal workers-----	68
Carpenters-----	177	Machinists-----	2
Carpenters' apprentices-----	12	Electrical foremen-----	21
Mechanics-----	39	Electrical linemen-----	142
Cement finishers-----	27	Electrical apprentices-----	44
Firemen and oilers-----	44	Guards-----	40
Air-tool operators-----	41	Supervisory-----	136
Truck drivers-----	66		
Laborers-----	410	Subtotal-----	1,793
Roofers-----	8	Administrative and engineering	
Reinforced-cement ironworkers--	14	including pay roll, procurement	
Bricklayers-----	9	personnel, etc-----	228
Painters-----	12		
Mechanical foremen-----	26	Total-----	2,021

The AEC project staff totaled 15 persons.

2. What authority does the AEC staff on the construction job have to reduce costs?

Answer: The AEC project staff has authority and responsibility to reduce costs as much as possible and still satisfy the use requirements and meet the required completion dates.

In performing work under contract No. AT-(40-1)-255 the Maxon Construction Co. as contractor is subject to a number of supervisory controls by the Commission, including the following:

1. The extent and character of the work to be done by the contractor is subject to the general supervision, direction, control, and approval of the Commission.

2. The Government may furnish to the contractor labor, services, materials, supplies, tools, machinery, and equipment necessary for the performance of the work under the contract.

3. The contractor is not to be reimbursed for any compensation or benefits paid to or for the account of any employees at rates in excess of those provided in the contract unless and until the Commission has so approved in writing.

4. Charges for transportation over distances in excess of 500 miles must have the written authorization of the Commission in advance.

5. Every purchase in excess of \$2,000 must have the prior approval of the Commission.

6. The contractor may enter into no subcontract for any portion of the work except in the form prescribed by the Commission.

The AEC project staff coordinates the work of the operating contractor, the architect-engineer contractor, and the construction contractor. He is thereby able to guide the planning work so as to provide facilities designed for optimum economy of operation, construction and utilization of excess Government-owned materials and equipment.

The AEC project staff also controls the development of construction cost estimates by the various contractors and the collection and evaluation of cost records. The cost experienced is compared to the estimated cost for individual operations as well as for the job as a whole and unit costs of typical construction operations are compared with unit prices, being paid currently for similar operations on other contracts in the same general locality. Corrective measures are instigated wherever found to be necessary.

The AEC project engineer also checks and controls the payment of premium costs for accelerated construction to insure that any such costs will result in either offsetting savings in other parts of the construction program or real savings in total construction time in cases where the value of earlier beneficial use of the facility justifies the premium costs.

The AEC project engineer uses a small engineering group on his staff and has the authority to call in consultants wherever necessary to check the design work

of the architect-engineer contractor in effort to save construction funds and still satisfy the use requirements.

The AEC staff also helps the contractors expedite delivery of critical items of materials and equipment thereby saving both time and cost.

The contractor's records are checked by AEC auditors and any apparent discrepancy or irregularity is called to the attention of the project engineer for appropriate action.

The project engineer has the authority to approve the rental of construction equipment or as an alternative can secure Government-owned equipment. Considerable cost can be saved at times by securing for use by the construction contractor equipment at other sites that is owned by the government. Good judgment must be exercised in comparing repair and transportation costs against rental cost for comparable equipment for the time required.

3. What are some examples of action taken by the AEC staff to reduce costs?

Answer: (a) Arranged for transfer of installed, electrical equipment such as transformers, current breakers, etc., from the Y-12 plant where it was excess to current or anticipated needs. Value approximately \$300,000.

(b) After the architect-engineer had recommended an expensive pile foundation plan for the K-29 building the AEC project engineer called in a soils engineer specialist of the division engineer's office (Department of the Army) to make an independent investigation which resulted in changing the plans to a spread footing type of foundation at a saving in cost of approximately \$400,000.

(c) After the architect-engineer had recommended use of corrugated aluminum siding for the K-31 plant the AEC project engineer requested consideration of corrugated cement asbestos siding as an alternate which resulted in a saving of approximately \$30,000.

(d) The project engineer was also instrumental in locating and securing the transfer of sufficient Government-owned construction equipment to eliminate the need for the major part of the anticipated equipment rental at an estimated saving of approximately \$400,000.

(e) The project engineer insisted on acceptance of the low bid on blowers at a saving of \$4,119 after the architect-engineer had recommended disallowing the bid without sufficient reason.

(f) The project engineer has also insisted on the establishment of procurement procedure and policy to permit the broadest the competition possible and still satisfy the use requirements. This has resulted in savings that cannot be estimated accurately but may be as much as \$200,000.

(g) The project engineer has been successful in securing surplus Government-owned materials valued at approximately \$2,885,780 to use instead of purchasing new materials for use on K-29. It was originally estimated that the amount of surplus materials that could be utilized on this job would be limited to approximately \$1,043,750 worth. This reflects an additional saving of approximately \$1,842,030 of Government funds.

(h) The project engineer arranged for the Southern Railroad to handle the railroad switching to serve the construction contractor under an existing contract with the AEC instead of setting up a separate organization and equipment for this purpose, thereby saving approximately \$50,000.

MANUFACTURE OF HYDROGEN BOMB

Mr. THOMAS. I have one further question. What part of this \$188,700,000 do you intend to use for making the hydrogen bomb?

Mr. PIKE. Off the record.

(Discussion off the record.)

Mr. CASE. Is this justification, supplemental requirement for contract authority for the fiscal year 1950, classified?

Mr. SUGG. The first copy you have, Mr. Case, is not, and then we have a second more detailed classified extension of remarks. If it is not marked, it is unclassified.

HEAVY-WATER PRODUCTION PLANT

Mr. CASE. Referring specifically to this unclassified document, on page 11, I note under new projects a total of \$5,985,000. The first item underneath that is heavy-water production plant, \$500,000.

Mr. SHUGG. Yes, sir.

Mr. CASE. It states:

Final site selection has not been determined, but surveys are presently under way. The process to be employed is the low-temperature distillation of extremely large volumes of hydrogen. For this reason the plant will probably be located adjacent to and on the property of a large synthetic-ammonia or synthetic-fuel plant where major quantities of hydrogen are available as off gasses and can be used as feed for the heavy-water plant.

I understand that this is an expansion program.

Mr. SHUGG. We have more use for this material, and the greater use we have for it arises from the fact that this process will make it cheaper than the now-existing process.

PROCEEDING UNDER CONTRACTS BEFORE BLUEPRINTS ARE DRAWN

Mr. CASE. This problem of proceeding under contracts where you do not have the blueprints drawn completely, or where you are building something that has never been built before, of course, is a problem that the country had during the war. We had companies that had never before built anything in the categories that we needed for the war who were called upon to shift over and do it.

We started out with letters of intent, using cost-plus-fixed-fee contracts. We found then that there were several ways in which excessive profits were being made, and in which there was no way for the Government to control costs. In some cases, we would provide some of the facilities, and let the contractors use them. We loaned money. We advanced tools. So the contracts were made on several bases. Out of that experience we finally evolved the renegotiation procedure as a means for making it possible for the war effort to be expedited, and for the various companies and contractors to go ahead without waiting for complete blueprints and specifications. Have you given any thought to the utilization of that procedure in connection with the work you are here seeking to expedite?

Mr. SHUGG. To my knowledge, the need for the renegotiation of contracts has not yet arisen because of the fact that we can determine at the outset a reasonable fee, at the undertaking of the job, and the fee is not variable. Even if the job costs more, the fee is not variable. We have primary control of the negotiation of a proper fee to begin with.

AEC EXERCISE OF AUTHORITY OVER CONTRACTS

Mr. CASE. Your primary control there is over what costs are to be allowed.

Mr. SHUGG. I mean as to the possibility of the contractor's profit. We have first control of negotiation of the fee at the outset.

Mr. CASE. I recall one of the doubts involved in this contract business last year. You had a major contractor who, in turn, let a whole series of subcontracts, and, in turn, put some of his personnel on the subcontract pay roll at a very high salary, so that, in effect, he was increasing the fee, as far as profits on the base contract were concerned.

Mr. SHUGG. When we let a primary contract on a cost-plus-fixed-fee basis we have the exercise not only of authority, but it is our responsibility to exercise control of what they will do on that job, and we also

have the authority to approve or disapprove of all subcontracts that he makes, and the rates at which they are made.

Mr. CASE. The amendments that were made to some of those contracts would not indicate that that authority was exercised very carefully or diligently. I remember making some examination of some of those contracts last year and the amendments thereto. It clearly appeared that by means of subcontracts it was possible for the primary contractor to materially increase his profits.

Mr. SHUGG. I am not sure of the ones you are speaking of, Mr. Case, but it is our responsibility, and we have unalterable control of the fees in the case of a cost-plus-fixed-fee job, including the subcontracts which the direct contractor may enter into.

Mr. CASE. Does that authority go to the determination of the capital structure of your primary contractor? Does it make any difference how much of your facilities he uses or how much Government capital he uses on the contract?

Mr. SHUGG. Many items make up the negotiation of the fee allowed. There are deductions from what would be the normal fee if Government equipment is to be used, and there are deductions from what would be the normal fee if the Government is to procure directly certain materials and supply them to the contractor for the job. We have the right to buy machines or materials or equipment entering into the job, and we have the right to supply construction equipment, and all of those factors are set forth in the negotiation of the fee which is to be paid.

AUTHORITY FOR DISALLOWANCE OF COSTS

Mr. CASE. What authority do you have to disallow certain costs if you regard them as either unnecessary or excessive; do you audit the costs?

Mr. SHUGG. The first responsibility that we have in that connection is to spot them at the source. Then, we have field auditors of the General Accounting Office at all of our principal installations who audit the jobs as they go along, and we work in conjunction with them.

Mr. CASE. That is merely a matter of technical auditing of costs, but it does not go to the merit of the cost allowance, does it?

Mr. SHUGG. We have had numerous cases of that kind. In fact, I think we have \$350,000 of disputed costs on one contractor now.

Mr. WILLIAMS. We have had them from time to time, and there are disallowances by the General Accounting Office.

Mr. CASE. The general problem that you cite is one with which every member of this committee has had some familiarity in connection with construction work heretofore. But the Army engineers immediately went back to lump-sum contracts on a competitive-bid basis by dividing up their jobs after the war was over. The Chief of Engineers, General Wheeler, I remember stated very specifically that he favored going back to that basis, and that they figured to do a better job in making contracts for the Government.

Mr. SHUGG. We have a larger number of contracts made on that basis. The number of contracts that is made on a lump-sum competitive-bid basis is much larger than on this basis. The trouble is a

few of these jobs are so large. For instance, there is one of \$168,000,000, and they are of such size that dollarwise it makes the biggest jobs appear to be let out that way, and that is only because in a job like this that there are not completed plans and specifications ready to be sent out at the time the contract is made.

Mr. CASE. I recognize that, and I do not think you can afford to take a year, probably, to get up a complete set of specifications clear through. It might be possible that you could not even if you had the time to sit down and draw pictures clear through. There may be some cutting and fitting of the project as you go along, but the Army engineers in the large dams have that same problem. They do not make a complete detail design at the outset. They get a general design and do not have all the details when they let the contracts on many of their larger dams.

They cut them up into pieces and work out details by sections.

Mr. SHUGG. At Arco, Idaho, we do much of the same thing. AEC in the case of outside utilities, railroads, roads, and waterways has been able to follow the Army engineers' practice of letting out great chunks in those cases.

Mr. WILLIAMS. At Los Alamos on the laboratory everything is done on a lump-sum basis.

Mr. CASE. When you do it on a lump-sum basis, are you getting competitive bids?

Mr. WILLIAMS. Yes, sir.

Mr. CASE. Is there an abundance of contractors, or are there enough contractors who are able and willing to do the work to give you a truly competitive bid?

Mr. SHUGG. Yes, sir. I think the number of them at Los Alamos has been increasing. It is 6 to 12, or something like that.

Mr. CASE. On this K-31 proposition, you spoke of having a contractor who is already nearby go ahead with this work. Are you sure that if you let it out on a competitive-bid basis he would not get the job?

Mr. WILLIAMS. It does not make any difference to us. If you take out of the requirements the time element, we do not care who gets the job so long as they do the job. If it is done on a competitive-bid basis, we put out invitation for bids with the specifications and receive them and open them and abstract them and evaluate them and give them to the man who puts in the best bid, but it is a question of time.

COMPETITIVE BIDS

On this particular job I would like to point out to the committee that this money you see does not mean that all of this is for the fixed-fee contract. For instance, for compressors which go into the buildings, we have had 5 or 6 bids on them. I think the high bid on those was about \$16,000,000. We got those compressors for \$10,500,000. Also the pipe is competitive, and the reinforced steel is competitive; \$16,000,000 worth of competitive bids have already been put out on this job. We intend to separate out the item of the switchyard and the switch house where the design is not too complicated, and where we can get the specifications out in order to meet the completion date we will put them out on competitive bid.

Mr. CASE. In this language you seek to get rid of the first three limitations. Which one of those three is it that is pinching you on this particular proposition?

Mr. SHUGG. The original (A) and (B) provisions.

Mr. CASE. That is, you want to start a construction project which was not included in your budget estimates last year, and you find that the construction costs of some projects exceed those which you estimated at the time you submitted the estimate.

Mr. SHUGG. Yes, sir. At the time when we go to let the construction contract, we may find that the cost at that time is higher than it was 18 months previously or whenever it was allowed when we had presented it to the Congress.

DEFINITION OF COMMUNITY FACILITIES

Now, there is the matter of community facilities. We ran into debate in a series of conferences as to what is a community facility. Some of them are merely such things as schoolhouses, but then we ran into facilities and things which service both the community and company plants.

We have coined the word "multiple-purpose facility," and we have had much debate on that. We are faced in the Budget Bureau with the problem of what is a true community facility, whether it is a community facility or a technical facility when it has that borderline characteristic.

Mr. CASE. Why should it be any more difficult for you to estimate the cost of community facilities than any other agency of the Government?

Mr. SHUGG. It is not, Mr. Case.

Mr. CASE. I know of no other agency of the Government asking authority to build community facilities where the currently estimated cost exceeds the estimated cost included in the budget.

Mr. SHUGG. In answer to your question "Where does it bind the worst?" obviously, on the technical facilities.

Mr. CASE. On (A)?

Mr. SHUGG. Yes; obviously on the technical facilities. Now, there are cases where it is an open question as to whether it is a technical facility or a community facility. In the case of a house it has to have services that serve both types in common, so that in order to avoid that further amount of debate it would be simpler for us if that also were eliminated and if we were simply called to account on the basis of the record as to what we did.

Mr. CASE. Then, in view of the additional proviso that the foregoing provisos shall have no application with respect to technical and production facilities if the Commission certifies to the Director or the Bureau of the Budget that immediate construction or immediate continuation of construction is necessary to the national defense and security, and if the Director agrees that such certification is justified I cannot see where it would pinch you.

Mr. SHUGG. That is right, Mr. Case, but it still leaves a great many work centers in the field faced with this sort of procedure. We have cases of where the field contractor wants a copy of the certification before he will go ahead with the work, and we then get some amateur interpretations or varying interpretations. This particular field cen-

ter thinks that we should certify a particular item because it is not evident that the capacity will be more.

We have very anxious deliberation on their part that perhaps the spirit of this means a thing much different from the way we presented it to the Congress, even a change for the good or greater capacity; then they want to go through the certification procedure. If it is the desire to leave in the field some of the go-ahead spirit on some of these things and of a degree of the decentralized push that we ought to have, we would like, if we can, to remove all of those ropes.

UNIQUE POSITION IN GOVERNMENT OCCUPIED BY COMMISSION

Mr. CASE. Obviously the field of your work, that of the Atomic Energy Commission, occupies a unique place in the Government, but there is a growing feeling that the AEC feels it is a law unto itself. There was an outcropping of that in some hearings before the Committee on Education a year or so ago when they were exploring the matter of Federal aid to schools, and particularly to school districts where there was a school population created by reason of some defense installation. It was pointed out in that hearing that the Atomic Energy Commission provided its own schools, and provided school facilities on a level above that which the neighboring communities provided for their own children. It was on a level above that provided on military and naval installations. It was above that which was provided even where the Federal Government stepped in under the provisions of the Lanham Act and its amendments to give supplemental aid.

It is impossible to have continuing exceptions made for the Atomic Energy Commission and avoid the development and growth of that feeling in the Congress and in the country, even though we recognize the Atomic Energy Commission is doing unique work. Now, how can we make these exceptions? How can we wipe this language out, since, in the limitation themselves, these escape clauses appear?

TYPES OF SCHOOL EXPENDITURES

Mr. SHUGG. Well, on the school point, there are two types of school expenditures. One is for the direct schools in our isolated towns, where we are empowered by the act setting up AEC to do that.

Mr. CASE. Of course, I used that as an example.

Mr. SHUGG. That is right. Then, on the off-site school assistance, we have been in the position of definitely resisting that and have tried to stay away from that, and, so far, have been successful. In spite of a great deal of pressure, we have not engaged in any subsidizing of permanent facilities off site. The only thing we have done is to give temporary assistance where it was necessary to get the people into our own projects.

Mr. CASE. Such as the deal in New Mexico, where you collect a sales tax and turn it over to the State and then let them pay it back to the county, and they pay it over to their own schools?

Mr. SHUGG. There is a further chapter to that, due to the new set-up of the county.

Mr. CASE. Of course, I realize that was somewhat irrelevant at this point.

Mr. SHUGG. But still, in answer to your question, which is a little general, I will generally reply that with these exceptions—if you consider, for instance, the letting of this K-31 plant under that program would apply as an exception—it is a good deal of work for us to do that and defend it, and there is no particular reason for our doing that unless we definitely thought it was needed to get the job done and knowing absolutely we will have to defend every one of those exception actions we take. And, from the viewpoint of personal knowledge, there is nothing that would make us pick out those exceptions and defend them unless we thought it was absolutely necessary to get the job done.

EFFECT OF SUSPENSION OF LANGUAGE LIMITATION

Mr. CASE. Suppose we give you this contract authority and the cash you are asking for in the supplemental estimate and provide that on this particular contract authority or particular cash these limitations proposed in this language would not apply.

Mr. SHUGG. I believe any kind of those limiting provisos that we can get eliminated is to our benefit—any piece—and the more we can get eliminated, up to a total elimination, I believe we can do a top job.

Mr. CASE. I can see how you can come before us as you are now and have some specific projects and say an emergency exists and you still propose to ask for an exception, that here is a particular project on which speed is urgent, that you do not have the blueprints completed, that it is so critical that it is impossible to get the specifications completed before you get under way on the new project, and we can say, "All right: you have satisfied us on that score." That, in a sense, takes care of (A) because if (A) clears the committee as you have it in your budget estimate and you have approval for it—you come to the budget and get approval for that particular program. And the situation is also taken care of, as you say, where the cost of the items either exceeded what we anticipated at the outset or we are engaging in a particular project where the costs are unpredictable. As to that, we could eliminate the limitation on the basis of a justified project.

Mr. SHUGG. Of course, in (A) there have been cases and there can still be cases where we meet a definite need of doing something which was not foreseen 18 months ago. I have one in mind. At Hanford, where we had projected a several-hundred-thousand-dollar installation for the filtering of off-gases in the chemical separation process, that was necessary in order to continue operating that plant.

Mr. CASE. Well, if you have some emergency operations and Congress is in session, you can get pretty quick consideration of anything of that sort.

Mr. SHUGG. That particular case did arise when Congress was not in session.

Mr. CASE. What did you do?

Mr. SHUGG. We went ahead.

Mr. CASE. By operating under the exceptions provided?

Mr. SHUGG. No, sir. That was in the fall of 1947, prior to the time when we had those limitations, and we took the kind of local, on-the-spot chance, which in some respects this is and which the answer to your investigative report points out as being desirable.

Mr. CASE. But there you were not operating under the limitation.

Mr. SHUGG. That is right.

Mr. CASE. So that is a moot matter here.

Mr. THOMAS. Under the limitation, even though the Congress is not in session, you can always go to the Director of the Bureau of the Budget and get it approved. So that certainly does not slow you down any.

Mr. SHUGG. No, sir; but that means that the field office goes to Washington people, and the Washington office goes to the Bureau of the Budget, and then that goes back. That is one reason why matters which should be settled on a businesslike basis in the field come all the way up and go across and then go all the way back down again. It seems to me I personally would much rather stand or fall on the record at the end of any year for any mistakes we have made than to delay the job during the year by that long, roundabout method.

Mr. CASE. If you were the general manager for General Electric or some corporation like that and you had a \$1,000,000 project, would you not expect to submit that to your board of directors or get some specific authority for it?

Mr. SHUGG. Yes, sir. And the General Electric Co. out at Hanford does that. When they recommend, they then, corporately, stand on their recommendation. When that local manager named Prout out there makes a recommendation to us for this type of action I am citing, he does not refer that to his board of directors. I mean, he has an operating procedure there which expects him to take care of the interim events like this.

Mr. THOMAS. That is a good answer. But if that man at Hanford were going to be any cost to his board of directors, do you doubt for a minute he would get approval from his home office? The taxpayers are paying for his decision and not the board of directors in Schenectady or wherever it happens to be. That is the vast distinction. There is no corporation in this country which I have ever heard of that is going to make a big expenditure of money where the local manager does not first take up any sizable change in plan for expenditures before his board, and you are asking for a procedure from the Government point of view that is just exactly in conflict with good, ordinary, sound business methods.

If you can explain that, we would like you to do it.

Mr. CASE. It is inconceivable to me that you could engage in an expenditure for the physical acquisition of material and labor that would be necessary to institute a \$100,000,000 project within the time that would be required for you to get a certification from the Director of the Budget.

Mr. SHUGG. I think so, when it comes to such substantial items. The proof is the way we have done. For instance, when this particular proposition came up last fall, even though it was during the closing days of Congress, this proposal went through all of the proper routes. There would be no idea of anything that could be foreseen, as this was foreseen, and of that magnitude being taken advantage of by the lack of that proviso.

Mr. CASE. The elimination of this language is sought, then, so that you can engage on projects which have not been submitted to the Congress?

Mr. SHUGG. That is only when that is under the (A) clause. There are many more cases where in the year or 18 months that have passed since we first made a budget estimate to the Congress the further engineering plans and estimates have brought up the point that the job is going to cost more than was originally estimated.

Mr. CASE. The elimination of this language, then, would make it possible for you to engage in the hydrogen bomb project without some advance approval of the Congress?

Mr. SHUGG. No, sir; because, again, so far as I know, when we do not have to obligate something in pieces, we come before the Congress and speak to the whole cost of something we are obligating. In the case you speak of, our available funds and obligations certainly do not allow us to do that. We can still never obligate anything that is not within our obligational authority as to total amount.

Mr. CASE. Mr. Chairman, I do not want to pursue the question any further at this time. As I said earlier, I would have no objection to lifting the limitation as to a specific project presented to the Congress as an available project, because that is, in effect, a compliance with the spirit of limitation A, which is that they shall not engage on projects which were not justified and submitted in their estimates. If you do come up with a project and get approval for it as a specific project, then it could be excepted, but I do not believe—

Mr. THOMAS. Let me point out to you, if I may interrupt you, that this approval by the Director of the Budget would cover every conceivable operation that could originate and cover every emergency that could originate under A, B, and C.

Mr. CASE. Well, even so, I would prefer to have the Atomic Energy Commission come before the Congress to get approval, than to have them go simply to the Director of the Budget—particularly on a major project. When Congress is in session, it seems to me you ought not to use the escape clause. That escape clause was put in there for the purpose of handling situations when Congress is not in session. When Congress is in session and you have a major project that comes up which calls either for the obligation of a large amount of money which had been obtained under justifications for other work, I think that project should be submitted to the Congress for approval. In fact, I believe that so strongly that I would personally favor putting a non-transfer clause on the appropriations, if necessary, similar to that which we had in the Army bill.

Mr. SHUGG. That would really cost the Government money, because it would mean we would go ahead bull-headedly on some items which perhaps became unnecessary.

Mr. CASE. You really do not mean that. There is no law that requires you to go ahead and spend money if a once-approved project becomes inadvisable.

Mr. SHUGG. Take the elimination of this \$54,000,000 item. That is made possible by our ability to go ahead and substitute a different project.

Mr. CASE. Is there any reason, if Congress is not here, why you could not come up and talk to the Appropriations Committee about the authority?

Mr. SHUGG. If you care to be bothered that often. It comes up quite often. We have been before the Congress every year so far

for supplementals. We have not missed a year. We are willing to report to the Congress and make supplemental reports as fast as we make any of these shifts.

APPROVAL OF DIRECTOR OF BUDGET NECESSARY FOR CHANGE IN PLANS
APPROVED BY CONGRESS

Mr. THOMAS. Under your present law, if you make a change or shift in your plan by eliminating one project for another, where the project has been approved by the Congress, all you have to do is to go to the Director of the Budget and get his approval; is it not?

Mr. SHUGG. But it has turned out to be quite a process.

Mr. THOMAS. I mean that is all you have to do.

Mr. SHUGG. No, sir. The field has to send in an amount of detail—

Mr. THOMAS. I mean, if he approves it, your headache is over.

Mr. SHUGG. Yes, sir.

Mr. THOMAS. You can go ahead and do it if he approves it.

Mr. SHUGG. Yes, sir; but it does slow up the work all out through the field, as their belief now is everything has to be documented.

Mr. CASE. It happens, however, that the Constitution and the oath of office of every Member of Congress creates a responsibility for Congress to pass on appropriations. The Constitution provides that no money shall come out of the Treasury except by proper resolution. Since that is the case, it seems to me Congress cannot escape its responsibility to know what the money is to be used for when it is appropriated. When you come up and make a justification of a specific project, that satisfies the responsibility, if you can make the justification. If you cannot, then the money is denied.

As to the specific projects you are proposing here, no doubt you have some detailed justification for them, and that can be gone into and, if the committee is satisfied with them, that, it seems to me, meets the spirit and purpose of the limitation. But to lift them blanket-wise is an entirely different thing, because, by what you said, that would make it possible for you to engage on undescribed projects.

SAVINGS IN DEVELOPMENT OF FISSIONABLE MATERIAL

Mr. PHILLIPS. Mr. Shugg, in your statement of the savings you were offsetting against the request, you stated a \$25,000,000 saving, I think, in round numbers, for the development of fissionable material. What was the entire amount we had budgeted for that type of work. I want to see what the percentage is.

Mr. SHUGG. I believe the item you refer to was the biggest item in the list of reductions. That is on page 9 under paragraph II-A. That is \$54,000,000, and that is all of the obligational authority we had from the Congress for that particular plant.

Mr. PHILLIPS. You really have not a saving in that sense; what you have done is to eliminate—

Mr. THOMAS. If I may interrupt, do you not remember we cut that item last year, and the Commission said that was the very heart of the whole program?

Mr. PHILLIPS. That is right.

Mr. THOMAS. Because, without the material, the plant could not operate, and so forth. And now you have cut it 50 percent.

Mr. PHILLIPS. They have cut it more than 50 percent; they have cut it out altogether.

Mr. SHUGG. The thing which that plant was to do was the heart and still is the heart. The difference is we have found another way which we did not know of at that time and which I think it is safe to say no scientists in this country knew of at that time, because we tapped them all and even had an independent review by the Dupont people over all. So that the job to be done in that plant is just as important as we told you last spring. But once in a while research pays off, and at least this is one place where research has paid off and given us a brand new way of accomplishing it. The job itself still has to be done.

Mr. PHILLIPS. Then you really have not saved that; you expect to spend this \$54,000,000 eventually.

Mr. SHUGG. No, sir. That \$54,000,000 is a true elimination at the present time.

Mr. PHILLIPS. Out of a total appropriation for that subject of how much?

Mr. SHUGG. For that particular plant, it was exactly that; it was \$54,000,000. Now we are able to get the job done that that plant was going to do in another plant, which is another key point. We were able to obtain it in a piece of the program which we presented to you last spring and get the total output, and we do not need this second plant. This is an entirely new, big, technological development.

CONTRACTS LET ON COMPETITIVE BIDS

Mr. PHILLIPS. You have in part answered my second question in answering Mr. Case. I take it for granted, or I understand, I will say, that you do let a number of contracts on bids.

Mr. SHUGG. Oh, far more than we let on a fixed-fee basis. We have the figures, but I do not have them with me.

Mr. PHILLIPS. I think it would be interesting to know, either on or off the record, of the total amount of construction work you did, how much was let to bid and how much not. For example, I was just going to ask you about the number of little items that appear—railroad spur, construction of power line, telephone service line, temporary access road, and water supply, and a larger item on a preceding page for water works at Hanford—which do not seem to me to be either so secret or rush that you could not let jobs of that kind by contract.

Mr. SHUGG. That is true on the first ones you just mentioned; that is not true of the water works, which is a conventional name, but that is a circulating system to one of our piles at Hanford which is definitely a part of the restricted facility. I will say construction work let on contracts on a lump-sum competitive basis represents a far greater number of contracts than on this fixed-fee basis. The point is that the need for a fixed-fee basis unfortunately arises more times than not in a very complicated plant such as this K-31, where the design has not been detailed; so, in dollar volume, it makes the picture look bad in that respect.

Mr. PHILLIPS. I think, Mr. Chairman, I will leave the other questions to the general hearing on the AEC appropriations, with the ex-

ception of this more or less personal observation, which these gentlemen ought to be thinking about between now and the other hearing, that is, that this subcommittee has been in a little different situation as to expenditures by the AEC, because when we talk of unknown expenditures for all of the new laboratories, we are completely in the dark; we have no idea what will be the cost and you have no idea what will be the cost. But where we take things which can be compared with existing expenses in business such as the operation of a cafeteria, the building of a road, we have found on those that in every case your costs are higher than the cost of operation of a similar function in business. That is a little difficult for us.

Then I want it understood I agree with Mr. Case. I think you had better take a little time now and then and justify some of these changes you want to make. I do not think it would take you as long as you think it would, and I think in the long run it would be a protection for you; because, as it stands now, you could justify a major expenditure and a major project and then, in the course of a year, you could completely change that in design and function without any further justification. At the moment, the American people are very interested in what you are doing, and I think they are much more interested in this hydrogen bomb than maybe you realize.

Mr. SHUGG. I appreciate your point.

OBLIGATION OF DEFICIENCY OF OCTOBER 1949

Mr. THOMAS. Just one further question. On this 188.6 million dollars, you testified in your last deficiency in October that you were given \$30,000,000 and that is part of this 188.6 million dollars. You further testified that a part, if not all, of your \$30,000,000 has already been obligated.

Mr. SHUGG. Yes, sir.

Mr. THOMAS. And that \$16,000,000 of the \$30,000,000 has been for what we call "equipment"—pipe, gadgets, etc. Is that correct?

Mr. SHUGG. Yes, sir.

Mr. THOMAS. Where did the other \$14,000,000 go?

Mr. SHUGG. I was speaking to only one side of Oak Ridge, the K-31 plant. I do not have available the figures from the second item which was transferred. A piece of the \$30,000,000 was used for the second item, the water works at Hanford.

Mr. THOMAS. Did you get open competitive bids on the \$16,000,000 worth of material you bought?

Mr. WILLIAMS. Yes, sir.

Mr. THOMAS. So you were not hurt.

Mr. SHUGG. The big point Mr. Williams made is that the \$162,000,000 is the total cost in place of the work. I believe we made one estimate that only 25 percent of that would be on-site work under a firm contract—only one-quarter of the total.

EXPENDITURES FOR FURTHER CONSTRUCTION

Mr. THOMAS. Now give us a brief justification of your expenditure of \$25,000,000 for further construction. I note that most of it will be done at Arco. Is that correct?

Mr. SHUGG. No, sir. The main reason for appearing before you is that \$188,000,000 for three items only in the new expansion program.

Those are all on page 8. That is the summary. As basic as it is, there are two main lines that our fissionable material goes through. One is the plutonium line at Hanford; one is the U-235 line at Oak Ridge. Item 2 on page 8, \$25,000,000, is for a waterworks at Hanford which will increase capacity there.

The third item is to add to the present gaseous diffusion plant at Oak Ridge and to make a very much greater increase in output of the present production at that plant.

The first item is simply the enlargement of the treatment of the material which is fed into this plant, and all three are parts of a new production rate which has been determined as necessary. They are simply taking the existing production machine and expanding it to the new known rate, using, as we do, whatever improvements in process we can incorporate into the new expansion without undue delay.

Mr. THOMAS. What are those two projects going to cost?

Mr. SHUGG. The Hanford addition we are asking for is \$24,964,000. The Oak Ridge addition is 162.4 million dollars. For the preliminary fees, for the plant expansion of that facility, the request is \$1,230,000.

So that that situation, I think, Mr. Case, boils down to a rather simple one. It is large in money, but the reason for it is rather simple, in that the amount of our output, the need for our output, has been stepped up. We have to meet a certain stock-pile goal and a certain rate of production by a certain date, and this is simply an engineering enlargement of this plant.

Mr. THOMAS. In addition to that, you have this Arco proposition of \$15,599,000; have you not?

Mr. SHUGG. These other items are brought into this presentation by the need of applying every bit of budgetary reserve which might be in existence to this program, so that we had to consider what other odds and ends there were. I do not mean to call that \$15,000,000 odds and ends. That is in the 1951 budget. As a matter of fact, it was originally presented in the 1950 budget last spring, and this is simply a change in its time table. The reason for all those other items is simply so we can make complete plans at this time of any new pluses and minuses, so that all reserves are wiped out and everything applied to the supplemental at the present date.

REVISED PROGRAM REQUIREMENTS FOR 1950

Mr. CASE. In harmony with the purpose of the limitations, I want to go into this a little bit. What is the total of your figures on the three projects on page 8? That is the \$188,000,000?

Mr. SHUGG. Yes, sir. This was a true expansion of the program proper.

Mr. CASE. What is the total reductions effected subsequent to submission of 1951 budget—the figures shown on page 9?

Mr. SHUGG. That total is on page 7. It is \$60,480,000 plus a \$5,000,000 reduction in the expansion program itself.

Mr. CASE. Then what is the total of the projects you are advancing from the 1951 budget to 1950?

Mr. SHUGG. \$15,799,000.

Mr. CASE. Then you are putting in some other new projects that you are picking up out of what program?

Mr. SHUGG. Those start on page 11. The first item there is the design of a heavy-water plant.

Mr. CASE. Where does this \$5,985,000 for new projects come from?

Mr. SHUGG. That we are asking your authority to apply to the items listed here out of our total obligational authority.

Mr. CASE. That is, you are going to defer those?

Mr. SHUGG. No, sir. We won't engage in those items right there.

Mr. CASE. Where is the \$5,985,000 to come from?

Mr. SHUGG. That is part of our already-existing obligational authority. On page 7, in the upper right-hand corner, we repeat the figure which is arrived at on page 1 of a total existing obligational authority of \$759,000,000—plus—call it \$760,000,000. That was arrived at on page 1.

Mr. CASE. It seems to me the table on page 7 ought to go into the record. It is not descriptive of anything except adjustments of dollars.

Mr. SHUGG. That is right, and the further detail is given on the pages that follow. This is all unclassified; the whole book is unclassified.

Mr. CASE. Then, if there is no objection, I would like to have this table put in the record at this point.

(The table above referred to is as follows:)

	Estimated obligations, fiscal year 1950			Indicated supplemental (total requirements minus availability of \$759,973,549)
	Regular program	Expanded program	Total	
1. 1950 program as submitted in President's budget for fiscal year 1951.....	\$695, 119, 549	\$193, 594, 000	\$888, 713, 549	\$128, 740, 000
2. Reductions effected subsequent to submission of 1951 budget.....	-60, 480, 000	-5, 000, 000	-65, 480, 000	-65, 480, 000
3. Revised program requirements.....	634, 639, 549	188, 594, 000	823, 233, 549	63, 260, 000
4. Additional requirements arising since submission of 1951 budget:				
(a) Projects advanced from 1951 budget.....	15, 799, 000	-----	15, 799, 000	15, 799, 000
(b) New projects.....	5, 985, 000	-----	5, 985, 000	5, 985, 000
(c) Other increases.....	2, 606, 000	-----	2, 606, 000	2, 606, 000
Revised estimate.....	659, 029, 549	188, 594, 000	847, 623, 549	87, 650, 000

TOTAL AMOUNT REQUESTED FOR CONTRACT AUTHORITY

Mr. CASE. Looking at that table, how much are you actually asking in new money at this time?

Mr. SHUGG. The figure in the lower right-hand corner. We are asking not for money but contract authority only of \$87,650,000.

Mr. CASE. You will use existing cash to take care of any maturities in the current year?

Mr. SHUGG. Yes, sir.

REDUCTIONS EFFECTED SUBSEQUENT TO 1951 BUDGET SUBMISSION

DEFERRAL OF CONSTRUCTION AT HANFORD

Mr. CASE. Now, turning to page 9, I note under "Reductions effected subsequent to submission of 1951 budget," the first item is "Deferral

of construction of a major facility at Hanford," \$54,000,000. What do you mean by "deferral"—termination?

Mr. SHUGG. Yes, sir—indefinite deferral. As far as we know today, it will never be built. I believe "cancellation" is also a possible word.

Mr. CASE. I think it is a good thing to get that clear, because if it is simply a deferral, it might be suggesting that you are simply trading contract authority and expect to come back later for that \$54,000,000.

Mr. SHUGG. No, sir. Our real thinking and all-around conviction today is that we will never have to build that plant.

Mr. CASE. If it were not for this new program, that much could be canceled or rescinded outright?

Mr. SHUGG. Yes, sir.

DECREASE IN FUND REQUIREMENTS FOR WEAPON-FACILITIES CONSTRUCTION

Mr. CASE. B is "Decrease in fund requirements for construction of weapons facilities due principally to estimated receipt of materials and services from other Government agencies without charge."

Mr. SHUGG. That applies to both B and C, and that is the combined test operation which we will undertake in conjunction with NME.

Mr. CASE. Have these other agencies all agreed to take care of that in their budgets?

Mr. SHUGG. These particular items have been finally arbitrated by the budget staff as to which agency should take which piece.

Mr. CASE. And they have accepted that?

Captain RUSSELL. The paper in which the allocation of cost for reactor test operations is set forth is up now for consideration, has been considered by the Department of Defense, and that matter should be settled. It is far enough along to indicate that those funds can be saved to us and construction work will be done and materials supplied by the Department of Defense.

Mr. CASE. Is the Department of Defense going to absorb this money out of its current appropriations, or are they asking for a supplemental?

Captain RUSSELL. I presume they will absorb it out of current appropriations, but that is a matter on which I am not qualified to speak.

Mr. CASE. Then it leaves us in the position that on the surface of things here we might be saving so much money to apply to these new projects, but actually the defense establishment may come in and ask for the money in a supplemental for its budget.

Mr. SHUGG. I suppose until all the papers are fully signed and everything, that is a possibility for some part of it.

Mr. CASE. It should be possible to know whether or not these papers that are to be signed contemplated absorbing it or asking for cash in another agency.

Mr. SHUGG. We feel that the agreement on this has reached a point where we have no right to tell you we have reserved that much money against that contingency. We do not think the chance of our having to save out that much money is worth trying to argue that we need to keep that for our relief. We are satisfied to make it available here for this expansion.

Mr. CASE. You are satisfied to make it available, presuming the defense establishment will provide the services.

Mr. SHUGG. Yes, sir. I might say the total test cost and the cost of some of those items is still in a very preliminary stage. We have a large amount of money obligated for it; so have they.

Mr. CASE. Are you prepared to say you will not support a request by those other agencies for funds to replace these?

Mr. SHUGG. Well, I think we would support any request that led to this agreement, Mr. Case. I did not participate in those detailed negotiations themselves.

Mr. CASE. On the surface of this statement here, it would appear that there was a net saving of \$4,950,000.

Mr. SHUGG. To the Atomic Energy Commission.

(After discussion off the record:)

Captain RUSSELL. We have reasonable grounds for believing this would be absorbed in the defense budget.

Mr. CASE. You actually are saving \$100,000 in the reductions in estimated cost of Hanford records storage facility?

Mr. SHUGG. Yes, sir. Those next two items are reductions in the scope of the jobs, and they enter here as part of the gathering together of all pluses and minuses at this time so as to determine how much is the total amount of refunding we can provide.

REDUCTION IN COST OF LOS ALAMOS COMMUNITY FACILITIES

Mr. CASE. The last item, E, is reduction in estimated cost of Los Alamos community facilities, \$1,430,000. Are you reducing the facilities to be built, or is that a reduction in the actual cost?

Mr. SHUGG. The most of that is a reduction in the scope of the facilities, is it not?

Captain RUSSELL. That is correct—the number of housekeeping units, a reduction in the cost of the hospital, and minor reductions up and down the line.

Mr. CASE. Is that an actual reduction or simply a deferred cost?

Captain RUSSELL. We hope it is a reduction. If the laboratory is expanded, we may come back again to Congress for money for housing the people.

Mr. CASE. This is primarily a housing saving?

Captain RUSSELL. Community construction.

Mr. CASE. It would be housing plus facilities and utilities?

Captain RUSSELL. Yes.

Mr. SHUGG. The hospital is one item.

Mr. CASE. So this is really a deferment as far as you know now?

Mr. SHUGG. An indefinite deferment. It is a reduction in scope unless something entirely new happened which made us ask for a different-sized town.

REQUIREMENTS ARISING SINCE SUBMISSION OF 1951 BUDGET

MATERIALS TESTING REACTOR (ARCO, IDAHO)

Mr. CASE. Now, under the third main heading "Additional requirements arising since submission of 1951 budget," the first item is "Materials testing reactor, Arco, Idaho," \$15,599,000. Did not we have this project before us?

Mr. SHUGG. Yes, sir. That has gone through all of the stages. The cost has changed a little, but we did have in the 1950 budget, which we submitted to you last spring, \$12,000,000 for obligation this year.

Mr. CASE. That was part of the contract authority?

Mr. SHUGG. Yes, sir. Then during the general slow-up and in the adjustment of the 1950 program after the appropriation bill was passed, it was believed we could not make enough progress on this project to obligate the main construction contracts this year. Now we believe again we can and should. This \$15,599,000 and the \$200,000 below will result in a corresponding amended reduction in the 1951 budget, which we have already sent up.

TOTAL COST OF MATERIALS TESTING REACTOR

Mr. CASE. What is to be the total cost of this materials testing reactor?

Mr. SHUGG. That at the present time is estimated at \$18,000,000, I believe. We have already gotten \$2,000,000 this year, making it \$17,600,000, which is the present estimated cost of the reactor itself. If there is a later decision to build some fuel element facilities in connection with that, we would have to come up here for a further authorization.

Mr. CASE. Where is the \$2,000,000 coming from?

Mr. SHUGG. That is in the 1950 portion of the 1951 budget presentation. We reduced the \$12,000,000 which we presented to you last spring for obligation this year to \$2,000,000. Midway through the year, the present 1951 budget reflects a total estimated cost of 17.6 million dollars of which 2 million dollars for design, which is well under way now, would be part, and it has been obligated in 1950. When we submitted that budget in October, the \$15,599,000 was expected to be obligated in 1951.

PROJECTS ADVANCED FROM 1951 BUDGET

Mr. CASE. Is this total of \$15,799,000 which you show as "Projects advanced from 1951 budget" to be in cash or contract authority?

Mr. SHUGG. I have not split that between cash and contract authority, except on the first page, where we treat it as the total obligating authority. In fact, we expect now to let the construction contract for the \$15,000,000 construction job in the spring of this year. The bulk of the bills on that won't have to be paid, though, until next year.

TOTAL COST OF PROJECTS

Mr. CASE. This gives us a rather confusing picture of what this is actually going to cost. Do I understand the total cost is \$17,599,000?

Mr. SHUGG. Yes, sir.

COST OF CONTRACT DESIGN

Mr. CASE. And \$2,000,000 of that——

Mr. SHUGG. Is being incurred now for the design.

Mr. CASE. Is being incurred this year?

Mr. SHUGG. Yes, sir.

CONTRACT AUTHORITY

Mr. CASE. And you are asking \$15,599,000 in contract authority?

Mr. SHUGG. So as to be able to let the construction contract itself prior to the end of this year.

COMPARISON OF 1950 SUPPLEMENTAL REQUEST WITH COST SUBMITTED IN
1951 ESTIMATE

Mr. CASE. Would a proper comparison of the increased cost of the project be to take the \$12,000,000 figure submitted in the 1951 budget and set that up against the \$15,599,000?

Mr. SHUGG. I believe that is right, without having that budget in front of me. I do want to say that at the time we presented that last spring, there was no design. The job only had the original preliminary design. The engineering design had not progressed.

Mr. CASE. That would be an increase of 3.6 million dollars on the basis of the \$12,000,000—in other words, an increase of close to 30 percent.

Mr. SHUGG. If you keep in mind that at the time we made this \$12,000,000 presentation to you last spring there was not even a design; I mean the engineering design had not been worked out. Even this estimate of \$15,599,000 is not firm, because all of the design has not been completed. It is simply the revision at this date as the design has progressed.

Mr. CASE. Did that \$12,000,000 figure include the original \$2,000,000 for design?

Mr. SHUGG. I am not sure.

Dr. HAFSTAD. My recollection is we just did not know what the total cost was going to be. We decided to get the actual cost by going to architectural engineering and design.

Mr. CASE. Then it actually appears that your figure in the 1951 budget was \$12,000,000, and the total cost, including design cost, is \$17,600,000, or almost \$18,000,000, which would be an increase of 50 percent over your original figure.

Mr. SHUGG. I believe that is right, and this is a perfect example of this type of facilities. This thing has never been built before and is entirely a different type, and this is a perfect example of those brand new things which are liable to vary by very wide percentages—50 percent, or double. Just as I said to you at the time, the only choice we have at any time is to speak to you with the best figure we are able to get together at that stage of progress.

Mr. THOMAS. Of course, this item of \$15,799,000 and the \$17,600,000 are in your 1951 budget.

Mr. SHUGG. Yes, sir. As a matter of fact, \$12,000,000 of it was originally in our 1950 budget.

Mr. THOMAS. You reflected that in your \$60,000,000 saving because you have it charged at two different places. You have five items where you save \$60,000,000, which you call deferred or cancelled out. Certainly in your \$60,000,000 figure \$12,000,000 was appropriated last year, because in your 1951 budget you want \$15,799,000 plus \$2,000,000 for architect-engineering.

Mr. SHUGG. There have been several changes in the schedule as we made up the revised 1950 budget.

ARCHITECT-ENGINEER CONTRACT, CHEMICAL PROCESSING PLANT
(ARCO, IDAHO)

Mr. CASE. The second item under that is "Architect-engineer contract for chemical processing plant, Arco, Idaho," \$200,000.

Mr. SHUGG. Yes, sir.

Mr. CASE. What do you expect the total cost of that plant will be?

Mr. SHUGG. We do not know. It takes this initial putting to work of an architect-engineer in order to find out what such a plant would look like, how big it needs to be, and how much it will cost.

Mr. CASE. You have no idea at all?

Mr. SHUGG. No, sir; I do not think I have. In fact, one of the items that will get serious study here is whether one processing plant can be made to handle the output of several reactors at that station. We would like, if possible, to do the chemical separation job for as many reactors as possible in one single plant like this.

Mr. CASE. Is this a survey project or working up plans, or what?

Mr. SHUGG. It is the starting of a design study to determine what chemical separation processes will be used in this plant.

Mr. CASE. Do you know how big it is going to be and what its output will be?

Mr. SHUGG. Yes. There are men who can give you that—those who are acquainted with the fuel elements in those project reactors.

Mr. CASE. I am not seeking to get for the record the capacity of the plant, but I think we ought at least to have the assurance that you know how big it is going to be.

Mr. WILSON. We do not know.

Mr. PIKE. That is what we are trying to find out.

Mr. CASE. You have no idea, then, whether this \$200,000 would determine the possible cost or the possible size of a \$5,000,000 plant or a \$50,000,000 plant or a \$1,000,000,000 plant?

Mr. SHUGG. It does not obligate anybody to anything more than what is here, because after this much money gets some figures on the facts and proof and know-how, then we will be able to present to you what we think we need.

Mr. CASE. This is not a construction item in any sense?

Mr. SHUGG. No, sir; this is not a button on a coat.

Mr. CASE. And the allowance of this \$200,000 might even result in a decision not to proceed with construction at all?

Mr. WILSON. It could not do that, because we will have reactors out there which have to have their fuel reprocessed.

Mr. SHUGG. It could lead to the possibility of transporting under properly safeguarded transportation facilities this contaminated stuff to an existing plant if the existing plant can handle it. Hanford can handle a great deal more in volume.

Mr. CASE. But the allowance of this \$200,000 would not be a commitment to build a plant of any size or cost?

Mr. SHUGG. No, sir. We would have to come up here again and tell you what that looks like after that study is completed and get your authority to do anything more with it.

NEW PROJECTS

Mr. CASE. On page 11, you have "B. New projects," and I think perhaps it would save time if we put in these pages, starting with the first. At this point, I would like to put in pages 11, 12, 13, and 14 and direct a question or two to the items which appear under the heading of "B. New projects."

(The matter above referred to is as follows:)

B. New projects, \$5,985,000

1. *Heavy water production plant, \$500,000.*—Final site selection has not been determined, but surveys are presently underway. The process to be employed is the low temperature distillation of extremely large volumes of hydrogen. For this reason the plant will probably be located adjacent to and on the property of a large synthetic ammonia or synthetic fuel plant where major quantities of hydrogen are available as off gases and can be used as feed for the heavy water plant. The principal items of equipment are: large reciprocating type compressors; hydrogen gas expansion turbines to provide refrigeration; reversing type heat exchangers; a large primary distillation aluminum tower and smaller secondary tower; welded aluminum piping is to be used throughout.

The total estimated cost for this project of \$5,000,000 is based on a preliminary design study performed by Hydrocarbon Research, Inc.; \$500,000 is being requested in fiscal year 1950 and the balance of \$4,500,000 required will be requested in an amendment to the 1951 budget. Many of the items of equipment are standard and are based on commercial prices. On the nonstandard items such as the aluminum towers, etc., informal bids have been received and included in the estimate.

2. *Architect-engineer contract for new reactor, reactor testing station, Arco, Idaho, \$2,000,000.*—A contract is planned for the design of this reactor in May 1950. Further details of this estimate are classified and will be made available upon request.

3. *Additional construction for weapons program, \$1,485,000.*—The details of this project are classified and will be made available upon request.

4. *High-current accelerator, University of California Radiation Laboratory, Berkeley, \$2,000,000.*—To begin site procurement and development and preliminary engineering designs for the construction of a high-current linear accelerator. It is estimated that the total cost of this project will be \$7,000,000 of which \$2,000,000 in obligational authority is being requested in 1950 when the balance of \$5,000,000 required will be requested in an amendment to the 1951 budget. Further details of a classified nature are available.

C. Other increases, \$2,606,000

1. *Site development, Arco, Idaho, \$1,080,000—*

Railroad spur	-----	\$720,000
Construction power line	-----	10,000
Telephone service line	-----	10,000
Temporary access road	-----	140,000
Water supply	-----	200,000

Total----- 1,080,000

The above amount is required for site development work as a result of a time advancement and is directly related to the scheduled advancement for the materials testing reactor and the experimental breeder reactor. However, this amount was not included in the fiscal year 1951 budget estimates.

Extension of rail facilities to the actual construction sites are necessary as a safety measure due to the nature of the material to be handled. Trucking of such materials over State highways while crossing or entering the site would present intolerable hazards, particularly in view of the climate and resultant normal road hazards in the area.

These facilities are required by the end of fiscal year 1950 in order that construction work on the major projects can be expedited.

2. *Equipment for reactor test station, Arco, Idaho, \$423,000—*

Item	Quantity	Unit cost	Total cost
Dump trucks (10-ton)	20	\$12,000	\$240,000
Power wagons	8	1,500	12,000
Fork lifts	5	4,000	20,000
Euclid bottom dump wagons	2	10,000	20,000
Snow plow	1	15,000	15,000
Cranes (40-ton)	2	35,000	70,000
Flat-rack trucks (5-ton)	5	6,000	30,000
Semitype trailers (10-15 ton)	4	4,000	16,000
Total			423,000

The additional equipment is necessary for construction and maintenance purposes necessitated by the advance in schedule for construction at the reactor test station.

3. *Warehouse, reactor test station, Arco, Idaho, \$210,000.*—A warehouse is immediately required to supplement the limited warehouse facilities acquired from the Navy and to service the advancing program at Arco.

This facility is required in order that operational and certain construction supplies, materials, and equipment may be kept free of weathering conditions.

In view of the advanced program at Arco, this facility must be under construction contract during fiscal year 1950.

4. *Equipment repair shop, reactor testing station, Arco, Idaho, \$180,000.*—The equipment repair shop is urgently needed to provide for the repair of surplus and/or damaged equipment received at the project.

Facilities acquired from the Navy were limited and at present there is no building which may be used for this purpose.

A construction contract for this shop must be let during fiscal year 1950 since equipment will arrive at the station during this period.

5. *Pile complex, Brookhaven National Laboratory, \$423,000.*—For extensive repairs to the air ducts, plenum chamber, and pile structure immediately prior to start of pile operation.

6. *60-inch cyclotron, Van de Graaff and building, Brookhaven National Laboratory, \$47,000.*—To cover additional design and engineering costs, additional shielding, additional experimental facilities, and underestimates of labor costs and time to complete project.

7. *Cosmotron, Brookhaven National Laboratory, \$243,000.*—For improved insulation of magnet core, additional shielding about the magnet, and minor changes in structural components.

HEAVY WATER PRODUCTION PLANT

Mr. CASE. You have already testified, I believe, that this heavy water-production plant is in connection with established activities of the Atomic Energy Commission and does not have anything to do with the initiation of the so-called hydrogen bomb project. The total cost of this project is to be \$5,000,000, apparently.

Mr. SHUGG. Yes, sir.

Mr. CASE. And this \$500,000 is simply the first down payment on it?

Mr. SHUGG. Yes, sir. The amendment to the 1951 budget will present the 4.5-million-dollar request for authorization of construction in 1951.

Mr. CASE. Who is Hydrocarbon Research, Inc.?

Mr. WILLIAMS. Hydrocarbon Research, Inc., is a corporation set up by Mr. P. C. Keefe, who was formerly with the Kellogg Co. and headed the Kellogg Corp. during the war that designed the gaseous diffusion plant. After the war, he withdrew and set up his own organization, which he called Hydrocarbon Research, Inc.

Mr. CASE. Is this your first contract with them?

Mr. WILLIAMS. I believe it is. We have had a few minor consultant contracts where we would get them in on a specific problem on a daily basis, but this, to my knowledge, is the first large contract we have had with them.

Mr. CASE. What did they charge for their preliminary design study?

Dr. PITZER. I would like to correct that a little. We did have them do a process study in the chemical field under a research contract some months before. I would also like to add in connection with this particular job that they have a record of construction by them of oxygen production plants which employed about the same sort of equipment.

Mr. CASE. Have you had them make any design studies prior to this?

Dr. PITZER. They made a very simple preliminary estimate of the feasibility of this type of plant as an incidental in connection with the other research activity.

Mr. SHUGG. I should explain that Dr. Pitzer, Director of Research, had the initial studies. He was in charge of the initial studies leading up to this program and it then became a production facility and passed to Mr. Williams.

Mr. CASE. Did you, in your preliminary work, determine a plant of this type would be desirable?

Dr. PITZER. The thing that was determined to be desirable was to reduce the cost of heavy water such that it could be used chemically in the reactor program, and the preliminary study indicated it would be possible to reduce the cost of heavy water to a point where this plant would be paid off in 1 year's operation compared to the present cost of the material. This seemed to be such a desirable end that it was called to the attention of the Production Division, and these events have ensued that led to the presentation here.

Mr. CASE. Does Hydrocarbon Research, Inc., have a contract for the construction of this plant?

Mr. SHUGG. No, sir. One of the stipulations of the design job we have given them is that it shall be so drawn up and substantiated that we many have complete freedom in the award of contracts hereafter.

Mr. CASE. All I am trying to find out is whether or not you called in somebody to make a study to determine whether or not it would be desirable to do something and give them an opportunity to know it would be a desirable thing to make a favorable recommendation and then, in effect, by making a favorable recommendation, to set up the job for which they could make a contract.

Dr. PITZER. We expect to let it out on bids. There are two elements. One is the recommendation. We review that by an independent authority. Secondly, the point has always been made to let the construction job out on bid.

Mr. CASE. Then this is not one of the cost-plus items, and as far as this particular item is concerned, you would not need to lift the limitation?

Mr. SHUGG. As a matter of fact, we did a good deal of work to even get this thing started so as to declassify it as much as possible so that we would not be tied down by the usual security considerations. We had a whole new look at the classification status of this.

Mr. CASE. In prior contracts you have had with Hydrocarbon for research work, how were their estimates? Did they turn out to be fairly accurate?

Dr. PITZER. I do not think we can make any comparable statement in terms of estimating on plant. We have had them doing some research studies for us in quite a different field, and that field it has not led to any recommendations as to the plant or estimate of the plant cost. As far as the research operating cost is concerned, they came up approximate to the estimate.

Mr. CASE. You do not know whether this \$5,000,000 estimate, then, is a good estimate or not?

Dr. PITZER. On the basis of our professional judgment, it is a good estimate; but on somewhat new plants one cannot be sure.

Mr. CASE. If it is a good estimate, you will get a reduced cost for producing heavy water, and if it turns out to be 50 percent wrong, the results will be off that much?

Mr. SHUGG. They will be off that much, but this is a good example of what the reduction in cost is. The new cost will only be one-fifth of the old cost.

Mr. CASE. I gathered that from looking at the data in the classified material. I gathered you thought this was a pretty good proposition.

Mr. SHUGG. It will further allow us to put out of commission an expensive stand-by plant we have right now for this particular project.

Mr. CASE. Still, on one of those other projects, the original estimate was off by as much as 50 percent. Here you have employed a research group to make a cost study. When a research group or any contractor is asked to estimate a cost with the possibility that he may be the contractor to get the job, the estimate is always subject to suspicion. Is not that correct, as a business proposition?

Mr. SHUGG. In this case it has been avoided because of the stipulation in the design contract.

Mr. CASE. I have not had a great deal of building experience, but I have had some. I have generally found a tendency on the part of any contractor or material supplier to give a figure that later proved optimistic. I have always wondered afterward when the bills came in whether or not the preliminary estimate was not made a little attractive to induce me to engage in the project?

Mr. PIKE. He has a pretty good record in some lines, and they have done a great deal of work in low-cost oxygen. They have done some very interesting work.

Mr. CASE. Are there any other people in this field?

Mr. SHUGG. Not with that standing, as I remember, sir.

Mr. CASE. Will there be any competition for the construction contract?

Mr. SHUGG. Oh, yes.

ARCHITECT ENGINEER CONTRACT FOR REACTOR TESTING STATION, ARCO, IDAHO

Mr. CASE. Going to No. 2, "Architect engineer contract for reactor testing station, Arco, Idaho," it is \$2,000,000. What is the total estimated cost of this new reactor for this reactor testing station at Arco, Idaho?

Mr. SHUGG. On page 5, sir, of the classified information there is further detail on that.

Mr. CASE. Is the total cost estimate classified?

Mr. SHUGG. It is not known at the present time. I gave you the wrong page, Mr. Case. It is on page 7. We make a guess of \$20,000,000.

Mr. CASE. \$20,000,000?

Mr. SHUGG. Yes; which is purely a guess.

Mr. CASE. Is that based on a design study by an independent contractor?

Mr. SHUGG. Of our independent laboratory, the laboratory in co-operation with the Oak Ridge Laboratory for the basic design criteria on this type of reactor.

Mr. CASE. Well, who prepared or who made the \$20,000,000 guess?

Dr. HAFSTAD. The assumption is that this reactor will be very similar to the materials testing reactor that came out in the neighborhood of \$18,000,000. The basic design will be utilized in making an independent appraisal which we are now discussing. The \$20,000,000 estimate was carried because there was a difference in construction.

Mr. CASE. So this estimate should be a pretty firm figure?

Dr. HAFSTAD. That is right.

Mr. CASE. You have built something somewhat like it before?

Mr. SHUGG. It has not been built before, but Dr. Hafstad is showing that it can be compared to one which has been built.

ADDITIONAL CONSTRUCTION FOR WEAPONS PROGRAM

Mr. CASE. Item No. 3 is "Additional construction for weapons program, \$1,485,000." Is that a firm estimate?

Captain RUSSELL. Off the record.

(Discussion off the record.)

HIGH-CURRENT ACCELERATOR, UNIVERSITY OF CALIFORNIA RADIATION LABORATORY, BERKELEY

Mr. CASE. Item No. 4 is a "High-current accelerator, University of California Radiation Laboratory, Berkeley, \$2,000,000."

Mr. SHUGG. We have a great deal more detail on that on page 8 of the classified budget submission.

Mr. CASE. What is the total cost of this project?

Mr. SHUGG. Our present plan is to ask you for \$5,000,000 in the 1951 budget, bringing the total to \$7,000,000.

Mr. CASE. What is the basis for this estimate?

Mr. SHUGG. I would like to ask Dr. Pitzer, the Director of Research, to speak on that, because he has just come from there.

Mr. CASE. I am not trying to appraise the merits of this particular project. If you took an hour to describe it to me I probably would not know much about it. What I am trying to find out is whether these are guesses, whether they are firm estimates, or what basis you had for determining the figure.

Dr. PITZER. The basis for determining the figure is the basis of cost analysis of the engineers in the Berkeley laboratory who have had more experience than anyone else in the world in building this general sort of machine. However, this machine does differ to a very great extent from any other machine that has been built. Therefore, these are not precise figures. There is a very substantial percentage of variation, either plus or minus from the present estimated cost.

Mr. CASE. They are figures of your own employees?

Dr. PITZER. Of the contractor's employees, yes.

Mr. CASE. The University of California being the contractor in this instance?

Dr. PITZER. Yes, sir; that is right. I have reviewed the figures, and I think they are as good an estimate as can be made at this time.

Mr. SHUGG. They are prior to detailed design.

OTHER INCREASES

Mr. CASE. The remaining items under, "Other increases" have some specific information under them, Mr. Chairman, and I shall not ask in detail about all of them as they are rather self-explanatory. The only one I want to ask about is item No. 6, a 60-inch cyclotron at the Brookhaven National Laboratory, \$47,000. Is this the complete cost, or is this another design study?

Dr. PITZER. No, this machine is essentially completed. The 60-inch cyclotron represents a project of well over \$1,000,000, and this is for some incidental additions to that project which proved to be desirable or necessary as it came close to completion. It is just a 2 or 3 percent addition to the total cost of the project.

Mr. CASE. The language below starts out by saying, "To cover additional design and engineering costs."

Dr. PITZER. Yes; all of these things. It is sort of a list of them, additional design and engineering costs, additional shielding, additional experimental facilities and underestimates of labor costs and time to complete the project.

Mr. CASE. Are these costs of designing and engineering, or are they for the items that actually are supplied?

Dr. PITZER. The items amount to \$47,000 in it; a few thousand dollars for some additional design and engineering costs, a few thousand for additional shielding, and \$2,000 or \$3,000 additional, say, for additional experimental facilities.

Mr. CASE. Does this mean that the additional design and engineering costs were an increase to the original fixed fee?

Dr. PITZER. No; these are additional detailed reimbursable expenditures to be reimbursed. Those are not in addition to a fee.

Mr. SHUGG. The primary contractor there is the Brookhaven National Laboratory.

Mr. CASE. What does it mean when you say, "and time to complete the project"?

Dr. PITZER. Well, the effect of the underestimate of labor costs and the time to complete the project will be to increase the total cost of the job.

Mr. CASE. That is all.

SUMMARY OF 1950 SUPPLEMENTAL REQUEST

Mr. THOMAS. Let us summarize this briefly. You are asking here for \$87,650,000 contract authority for a supplemental for 1950 to be applied as part of the total expenditure of \$188,594,000 to be spent for enlargements at Hanford and Oak Ridge?

Mr. SHUGG. Yes, sir.

Mr. THOMAS. In addition thereto you want \$15,700,000 for which you want a new project, mainly at Arco, and another one of \$5,985,000 of new projects and other increases, totaling about \$25,000,000, all of which is chargeable to your unexpended contract authority and cash for 1950, but this additional expenditure of \$25,000,000 does not give the total completed cost; does it?

Mr. SHUGG. In that two of those projects were carried—

Mr. THOMAS. Were carried in your 1951 budget, and an adjustment will have to be made with your 1951 budget in that approximately \$16,000,000 was carried in that. In addition, you set out a further reduction in five projects in the amount of \$60,000,000 in your 1950 budget as a budgetary reserve; is not that about the picture?

Mr. SHUGG. Yes, sir. There is a minor correction there in speaking of the \$24,000,000.

Mr. THOMAS. There is a minor correction there of about \$16,000,000 in your 1950 budget that will have to be subtracted from 1951 for Arco?

Mr. SHUGG. This amendment will show \$16,300,000 reduction in the final budget for 1951.

Mr. THOMAS. Thank you, gentlemen, very much. I want to compliment the Commissioners and the very capable staff for the very fine justification. I think this is by far the best one we have ever had. It is very helpful.

TUESDAY, JANUARY 31, 1950.

TENNESSEE VALLEY AUTHORITY

SUBCOMMITTEE ON APPROPRIATIONS

ALBERT THOMAS, Texas, Chairman

ALBERT GORE, Tennessee

FRANCIS CASE, South Dakota

GEORGE W. ANDREWS, Alabama

JOHN PHILLIPS, California

WITNESSES

GORDON R. CLAPP, CHAIRMAN OF THE BOARD

GEORGE F. GANT, GENERAL MANAGER

NEIL BASS, CHIEF CONSERVATION ENGINEER

C. E. BLEE, CHIEF ENGINEER

THOMAS J. GRIFFIN, SOLICITOR

R. A. KAMPMEIER, DIRECTOR OF POWER UTILIZATION

G. O. WESSENAUER, MANAGER OF POWER

C. H. YOUNG, DIRECTOR OF CHEMICAL ENGINEERING

JOHN H. CLARK, ASSISTANT CHIEF BUDGET OFFICER

JOHN OLIVER, CHIEF BUDGET OFFICER

MARGUERITE OWEN, WASHINGTON REPRESENTATIVE

WALTER J. WILLIAMS, DIRECTOR, DIVISION OF PRODUCTION,
ATOMIC ENERGY COMMISSION

AMOUNT OF SUPPLEMENTAL APPROPRIATION REQUEST

Mr. THOMAS. The committee will please be in order. Mr. Gore will preside in the hearing on this item.

Mr. GORE. The committee has before it Mr. Gordon Clapp, the Chairman of the Board of the TVA and the other witnesses listed above.

Mr. Clapp, you are appearing in support of the supplemental request for an appropriation of \$12,365,000 for the fiscal year 1950. The committee will be glad to hear any summary remarks you care to make before inquiring into the details of the request.

INCREASED FACILITIES REQUESTED BY ATOMIC ENERGY COMMISSION

Mr. CLAPP. Thank you, Mr. Chairman. This request of \$12,365,000 as a supplement to our 1950 appropriation is made up of three items. There is a \$7,000,000 request for facilities to meet an urgent power-supply situation arising because of the plans for increased demands from the Atomic Energy Commission.

RESTORATION OF CONGRESSIONAL REDUCTION

There is an item of \$5,000,000 requested as a partial restoration of the reduction made by the Congress last year in our appropriation request for this year.

COST OF PAY INCREASES

There is a third item, \$365,000, which is requested to cover the expense of pay increases adopted in the TVA to make salary adjustments comparable with those of Public Law 429.

I want to make a few comments about each of these items and then finish my summary statement by referring to the requested adjustment in the ceiling for administrative and general expenses.

SUMMARY OF SUPPLEMENTAL REQUEST

The \$7,000,000 we are requesting in this total of \$12,365,000 would provide for \$1,500,000 to begin the construction and installation of the fourth steam unit in the Johnsonville steam plant, \$4,500,000 would permit us to go ahead with two units in a new steam plant to be located at Widow's Creek in north Alabama. The remainder, in the amount of \$1,000,000, is for beginning work on transmission and terminal facilities in connection with the new power installations.

Mr. GORE. What was the figure for Widow's Creek?

Mr. CLAPP. \$4,500,000 to begin construction.

This emergency power program would supply installed capacity of 337,500 kilowatts. The increased requirements of the Atomic Energy Commission, as related to us by that organization for the expansion program they are embarking upon, calls for 340,000 kilowatts of electricity beginning with small amounts in September 1951 and increasing to the full requirements by July 1952. The additional unit at Johnsonville—unit No. 4—would provide additional capacity of 112,500 kilowatts, and the two units in the proposed new steam plant at Widow's Creek in Alabama would provide 225,000 kilowatts, thereby making up the total of 337,500 kilowatts.

It may be unnecessary to emphasize the necessity of speed in the installation of these units.

Mr. GORE. So far as the TVA is concerned, that decision is primarily with the AEC?

Mr. CLAPP. That is correct.

Mr. GORE. And the Congress?

Mr. CLAPP. That is correct, sir.

Mr. GORE. And this program of expansion in the New Johnsonville plant and the new steam plant at Widow's Creek is the program about which the TVA and the AEC jointly testified before this committee last October?

Mr. CLAPP. That is right, sir. This program is our best way of meeting the additional requirements that the AEC would expect from us in their expanded program.

Mr. GORE. Before we go further into that, will you now address your remarks to the other large category of requests, \$5,000,000, which is a deficiency rather than in the nature of a supplemental?

Mr. CLAPP. Yes, sir. Our appropriation request as it was approved by the Congress last year was reduced in the construction program categories some \$6,876,450. That, I believe the committee will remember, was the 15-percent reduction applied to our construction program estimates.

Mr. GORE. The record ought to show that that reduction of 15 percent in construction items was in conformity with a policy adopted by the Appropriations Committee and which was applied, so far as I know, to all construction items in the budget?

Mr. CLAPP. That was our understanding, too, Mr. Chairman.

Mr. GORE. So, in that respect, the TVA was not singled out?

1950 REDUCTION OF CONSTRUCTION PROGRAM PREDICATED ON GENERAL REDUCTION IN CONSTRUCTION COSTS

Mr. CLAPP. That is our understanding. The basis for the cut or the reduction as stated in the report of the Appropriations Committee of the House was an assumption, based on then declining construction costs, that there would be a reduction in the cost of building throughout the course of the current fiscal year.

We were advised in the report of the committee that, although making the cut, the Appropriations Committee was approving the construction program in full and telling us to go ahead with our program as scheduled and that in the event the reduction in costs of materials, equipment, labor, and so forth, did not materialize and we could not continue the program as scheduled with the reduced amount of appropriations made available, we should then come back and explain the situation and lay the problem before the committee.

Mr. GORE. What has been your experience with respect to construction costs?

ACTUAL CONSTRUCTION COST EXPERIENCE OF TVA

Mr. CLAPP. Actually the costs of construction have not gone down as was contemplated. I think some indexes will indicate what the situation is. At the time we made our estimates for this current fiscal year in August 1948, the standard index of construction costs, as carried periodically in the Engineering News-Record, stood at 477.1. This last October 1949, it had actually gone up above what it was in 1948. It is true that at the time we were before the Congress last year the Engineering News-Record index on construction costs had gone down some from what it had been at the time we made our estimates, but since then the cost index has actually gone up, and now, it is above what it was at the time these original estimates were drawn.

Mr. GORE. How does that square with the experience of TVA construction costs?

Mr. CLAPP. That is a pretty good index of what our experience has been. I can illustrate that in this way. At the time we analyzed the

proposed reduction, we pointed out that most of the items involved in the total construction program, the types of objects and the types of materials, were pretty much fixed as to their costs because of the contract commitments we had made for equipment, and we anticipated no decline in labor costs. No decline has taken place. We pointed out that, of the total amount of our construction program, only about one-fourth of it involved the types of materials and supplies which, if they did decline in price, would provide the opportunity for us to realize reductions in cost.

I have had a check made of the trends that have taken place on some of those items which, if they had gone down, we could have cashed in on. As I said, about one-fourth of our total construction program costs falls in the category of supplies and materials.

Mr. GORE. And it was only upon that one-fourth that you could actually anticipate any reduction?

Mr. CLAPP. That is right. Among those items of supplies and materials there is steel, for example. According to our quotations, that is up approximately 7 percent since last April. Equipment repair parts have shown practically no change at all. Cement has stayed about the same. Concrete aggregate—no change in that. Lumber prices have fluctuated during the period, going up about 10 percent since last April but now back to about where they were in April.

Gasoline and fuel oil: gasoline is about 2 percent up, and fuel oil is down about 6 percent as compared with last April; and so on.

Mr. GORE. Which was the basis of your request for a restoration of the amount of the reduction from your appropriation request of last year, except that I notice you are requesting only \$5,000,000 instead of something more than \$6,800,000 of reduction which the Congress made in your budget estimates. How is it that you can proceed and meet your construction schedule with \$5,000,000, whereas a year ago you were asking for \$6,800,000?

COMPARISON OF 1950 REDUCTION WITH 1950 SUPPLEMENTAL REQUEST

Mr. CLAPP. We have examined all of our construction program, Mr. Chairman, and all the items in our estimate. By a combination of savings in construction, as a result of actual experience compared with estimates, plus some adjustments in the scheduling of particular items as between one fiscal year and another, we are able to account for the \$1,800,000, roughly, which we are not asking to be restored. I might break that down if the committee is interested.

Mr. GORE. If it is not in too much detail, unless some other member of the committee desires it, but you might break it down into some of the broad categories.

Mr. CLAPP. For example, in the construction of the South Holston project, which is in its peak year this year and approaching completion, we are now able to estimate that the total cost for the project will be \$500,000 less than our previous estimate. There are several things within that \$500,000 that we can pick up in this fiscal year, which amount to \$426,000. Those savings result from less cost in our camp operations, some reduction from our estimates for the cost of land, and savings in certain other activities carried on as part of the construction of that project.

Mr. GORE. I am interested in your remarks that the cost of land is somewhat less than you anticipated. Has there been some decrease in the value of farm land in the area?

Mr. CLAPP. It is not due to that fact, Mr. Gore. It is due to a reduction in the amount of reservoir acreage we are actually purchasing compared with what we had originally estimated we would need to purchase. That is where our saving in that category comes. I do not think that there has been any substantial decline in the price paid for land.

Mr. GORE. How does it come about that you now desire to purchase less land than you thought you would need?

Mr. CLAPP. In the original estimates, as would be true with each dam, we make certain conservative assumptions about the kind of rights we would buy to cover at least the flowage contour for water-control purposes. Then, upon the basis of tract-by-tract examination and adjustment, we would in some instances find it necessary to buy more than we originally expected and in some instances find it possible to buy less.

Mr. GORE. In some instances, I suppose, you have found it possible to buy only a portion of a tract of land, whereas in others you might have to buy the entire tract of land?

Mr. CLAPP. That happens frequently. The net result in the South Holston Reservoir is that, even though we estimated our land requirement on about the same basis that we did our other reservoirs, we actually are ending up buying less land than we originally contemplated.

Mr. GORE. Before you leave that category, in South Holston, did you have any reduction in personal services?

Mr. CLAPP. We saved some money under our original estimates for camp operations because of a smaller number of people we had to accommodate in our camp than we originally anticipated.

The next major category is in connection with the raising of Hales Bar Dam. The purpose of that work, which was started in 1946, was to make some substantial improvements on the dam that we purchased from the Tennessee Electric Power Co. It was estimated these improvements would cost \$5,400,000. We believe now that they will be completed in the current year at a cost not to exceed \$5,100,000 with savings applicable to this current fiscal year of \$250,000. That again reflects what sometimes happens in a construction project. Contingencies do not occur or savings not anticipated do actually occur, and the result is ability to make some adjustment in the total figure.

Then we made more rapid progress in the installation of units 7 and 8 at Wheeler Dam in the last fiscal year than we had originally planned because the equipment was available from the manufacturers earlier than we had anticipated.

Mr. GORE. What saving does that represent?

Mr. CLAPP. In that way we can reduce the 1950 request for those two units by \$467,000.

Mr. GORE. And the way that is accomplished is by a speed-up during the fiscal year 1949?

Mr. CLAPP. That is correct. The units took more money in 1949 than we had originally planned.

Mr. GORE. If I recall correctly, the installation of these units, or that part of the work that was done in the fiscal year 1949, was done out of corporate funds?

Mr. CLAPP. That is correct, Mr. Chairman.

Mr. GORE. So what this actually means is that you have spent a larger portion of corporate funds and thereby a correspondingly smaller requirement will be necessary from appropriated funds?

Mr. CLAPP. In this fiscal year; that is correct.

Mr. GORE. And over all?

Mr. CLAPP. And over all, in total.

Mr. GORE. That does not mean that those units 7 and 8 will cost substantially less than your estimate for the over-all installation?

Mr. CLAPP. That is right. The total cost for installing those units will be approximately the same. More of the total will have come from power proceeds than originally planned.

Mr. GORE. So, actually this saving is more apparent than real?

Mr. CLAPP. That is correct.

Mr. GORE. It is real so far as appropriated funds are concerned, but it is only apparent insofar as over-all cost is concerned?

Mr. CLAPP. That is correct.

Mr. GORE. Please proceed.

Mr. CLAPP. The next item we can pick up through an adjustment in our estimates amounts to \$265,000. We estimated for our 1950 current year budget that we should provide \$765,000 for emergency replacements to our chemical plants at Muscle Shoals. I think the committee may remember, in our discussion of that item last year, that there is a category of capital requirement in our chemical plant which is extremely difficult to identify in advance on a specific basis, but for which we should have funds available in the event something breaks down and has to be replaced.

In estimating for the full year, we estimated \$765,000. A part of the year has gone by. We have some experience behind us. Some of the things we thought might happen have not happened. Consequently, with a smaller period in the remainder of the fiscal year for which to have a replacement item for emergencies, we can with some degree of risk draw upon that item to the extent of \$265,000 in order to make up the amount of appropriations for which we are not asking restoration.

There is another major category which totals some \$289,000, made up of small underruns in our operating program at the end of the fiscal year. These programs almost never come out exactly to the dollar. They could not unless we were to spend money deliberately at the last moment in order to make them come out right. And we do not do that.

These underruns therefore are, in effect, a carry-over into 1950, and an accumulation of them in a number of different operating programs represents a saving as compared with our estimates amounting to \$289,000.

Mr. GORE. In total, that means that you are reporting a saving under estimates out of appropriated funds of \$1,409,000 and that you have expended by speed-up some \$467,000 out of corporate funds and thereby report a reduction in needed appropriation funds for fiscal year 1950?

Mr. CLAPP. That is a correct summary, Mr. Chairman.

Mr. GORE. Will the \$5,000,000 which you are here requesting allow you to complete the construction schedule and program approved by Congress and presented by you to the Congress?

Mr. CLAPP. We estimate that it will, Mr. Chairman.

Mr. GORE. When is it necessary that this money be available in order not to interfere with the construction schedule?

Mr. CLAPP. The need of this restoration of \$5,000,000 is urgent for these reasons. Whether we get the \$5,000,000 restored will determine whether we can maintain the rate of construction on the Johnsonville steam plant for the three units already authorized. It will determine whether or not we can proceed as rapidly as we planned on the finish of the South Holston Dam which we plan to close in November of 1950.

Mr. PHILLIPS. What do you plan to close?

Mr. CLAPP. The South Holston Dam, in November 1950.

A delay in the availability of this money—and by that I mean a delay beyond early March—would also affect the schedule for installing some of the hydroelectric units that are counted on in the normal power program that was authorized for this fiscal year. All of those items—the current progress of the Johnsonville steam plant units 1, 2, and 3; the closure of the South Holston Dam this fall so that we can begin to fill the reservoir and begin to operate the power unit at South Holston; the hydro units we are installing in existing dams—have a direct bearing upon our ability not only to carry our present load but also to carry the increasing Oak Ridge requirements during the period in which we are constructing the supplemental power program that will come into service later.

Mr. GORE. Do you mean by that that some of the expanded demand for electricity at Oak Ridge for which you are now seeking a \$7,000,000 construction supplementary appropriation will, prior to the time that these additional units come into operation, be supplied by the New Johnsonville units 1, 2, and 3, and South Holston?

Mr. CLAPP. In effect, Mr. Chairman, the situation is this: The supplemental power program we are requesting here today, of course, will not come in as early as the additional requirements at Oak Ridge must be met. In the meantime we will have to supply their requirements, as well as carrying our regular loads, from everything that we can get out of our system supplemented by power that we will get from outside of our system in order to make sure that lack of power will not delay any of the expanded Oak Ridge operations.

DEMAND OF ATOMIC ENERGY COMMISSION FOR POWER AT OAK RIDGE

Mr. GORE. Before we go any further, I should like to inquire of Mr. Williams, of the AEC, if he has any comment to make with respect to the demand at Oak Ridge for more power and whether or not the program outlined by Mr. Clapp will, in his opinion, meet these demands?

Mr. WILLIAMS. I would like to say that the supply of power for this project is apparently the limiting factor at the present time as to when we can get into operation.

Mr. GORE. You mean that your construction schedule is something you feel more certain of than the supply of power?

Mr. WILLIAMS. Yes, sir. Our facilities can be completed earlier than the power facilities. We are very anxious of getting this power

to be sure of that, if we can better our schedule, they might furnish that power a little ahead. We have given them a schedule which we are fairly certain we can meet, and only if we have this power plant can we put these units into operation as we complete them.

As we told you this morning, as soon as we get the first one-third of the plant done, then we could put it on the line and start getting production.

Mr. GORE. That is what you call the Cascade unit?

Mr. WILLIAMS. That is a building in the Cascade; yes, sir. We believe power to be the limiting factor. We have given TVA a schedule which we asked them to meet. We have outlined dates and the quantity of power that we wanted on those dates. I can give that to you for the record, if you desire.

Mr. GORE. We would appreciate knowing it.

BREAK-DOWN OF POWER REQUIREMENTS

Mr. WILLIAMS. Through August 1950—this is for the total requirement—we require 225,000 kilowatts. That takes into account all the power they are now furnishing.

Then, in September 1950 we will need a total of 250,000 kilowatts; December 1950, 270,000 kilowatts; March 1951, 300,000 kilowatts; September 1951, 360,000 kilowatts; December 1951, 415,000 kilowatts; March 1952, 470,000 kilowatts; May 1952, 530,000 kilowatts; June 1952, 585,000 kilowatts and July 1952 and thereafter, 640,000 kilowatts.

ABILITY OF TVA TO MEET AEC REQUIREMENTS

Mr. GORE. Mr. Clapp, have you given sufficient study and preparation along with your engineers to be able to express to this committee some confidence that if this program is approved, along with the 1951 estimates, the TVA can meet this schedule and supply the necessary power?

Mr. CLAPP. Yes, Mr. Chairman. Our engineers have studied this program carefully with the Atomic Energy Commissions' staff. We have examined our own power system forecasts of our own load, the physical facilities by which we interconnect and obtain power from nearby power systems, the availability of a temporary margin of reserve in those neighboring systems, and the schedules of construction for an additional unit at Johnsonville and the new Widow's Creek steam plant in Alabama. Barring acts of God and assuming availability of funds, we can meet these requirements.

Mr. GORE. Your desire to close South Holston in order to catch the winter and spring rains in 1951-52 assumes greater importance when considered in relation to the accelerated demand of that particular period by the AEC?

Mr. CLAPP. That is correct.

Mr. GORE. That is all, Mr. Chairman.

REDUCTION OF 1950 APPROPRIATION REQUEST

Mr. CASE. Mr. Clapp, I notice that you ask \$5,000,000 to enable TVA to complete the 1950 construction program approved last spring

which program you say was reduced by \$6,876,450 in anticipation of a general decline in construction costs.

Who made that reduction?

Mr. CLAPP. The Congress made that reduction.

INDICES OF CHANGES IN COST

Mr. CASE. You say that construction cost indices have increased rather than decreased since action was taken on the 1950 budget, but adjustments have been made to hold the deficiency request to \$5,000,000. Can you give us those indices of changes in cost?

Mr. CLAPP. Yes, sir. The most significant general index is the index that is published periodically in the Engineering News Record. As I explained to the committee earlier, in August 1948, when we made our 1950 estimates, the index in the Engineering News Record on construction costs was 477.1.

At the time we were before this committee last year, it is true that the index on construction costs had declined some.

Mr. CASE. What was the figure at that time?

Mr. CLAPP. In May 1949 it was 472.1.

Mr. CASE. Was that the lowest point it reached in 1949?

Mr. CLAPP. I believe that was the low point; that is correct. In October 1949, Mr. Case, the index in the Engineering News Record analysis had gone up to 480.4, exceeding the level reported at the time we made our estimates and considerably in excess of the index at the time the estimates were being considered by the Congress.

Then we have made a further check, of course, on item-by-item types of materials which, if they had gone down in price, would have been reflected in lower construction costs in our program.

Mr. CASE. For instance, on cement?

CHANGES IN COST OF VARIOUS ITEMS

Mr. CLAPP. Cement has stayed about the same. Steel is up approximately 7 percent; that is, as compared with April 1949. Equipment repair parts show no change; concrete aggregate, no change. Lumber at the present time is about where it was last April, but in the meantime its price has fluctuated. It went as high as 10 percent above the April level at one time.

Gasoline is up 2 percent, and fuel oil is down 6 percent. Lubricants are up 5 percent. Small tools are up 5 percent. Pipe and fittings are up 7 percent.

Mr. CASE. Have you weighted those various items in relation to the type of construction that you are contemplating?

Mr. CLAPP. In our analysis of the effect of cost declines or increases upon our construction, we classified all items into five different categories. First, wages and salaries. Second was equipment—major equipment for which we had made contracts. Third was contractual services, also covering some of our big equipment like generators, turbines, and so forth. Then other objects, such as travel, freight, and communications. And then the last category of supplies and materials.

In the kind of construction program we carry on, Mr. Case, it was clear to us last year, and it is a fact, that any general decline in the

costs of all of these categories except the last one, supplies and materials, would probably not be reflected in our 1950 construction program, because so much of it would be covered by actual contracts made with manufacturers. Any adjustments to reflect decline in costs would appear only when the contracts were concluded, which would be after 1950.

BASIS FOR DETERMINING AMOUNT OF SUPPLEMENTAL REQUEST

Mr. CASE. Could give me the weighted index, applying these variations to your particular construction problems?

Mr. CLAPP. The supplies and materials category, for example, made up about one-fourth of our total construction program. Is that what you had in mind?

Mr. CASE. I would like to get the figure that you applied to determine that you needed \$5,000,000.

Mr. CLAPP. We refigured our estimates for the 1950 program, applying recent cost information to the construction program to which we committed ourselves last year and which the Congress and this committee in particular said they would approve last year.

Upon the basis of present trends in prices and costs, we figured out whether those estimates would be as high as they were a year ago. We came to the conclusion that they will certainly not be any lower. If we were requesting funds exclusively on the basis of reflecting price and cost trends, we would be asking for the restoration of the full \$6,876,450. In other words, the restoration for the 15 percent cut. We are not asking for the full amount because, as I explained a moment ago in some detail, we have been able to effect some savings in projects not due to declining costs for materials, wages, et cetera, but because, for example, as we approach the completion of the South Holston project we find that our camp operations are not going to cost us as much this year as we had thought because there is lower occupancy in the camp. More people are living away from the job.

We find that as we are getting ready to close that dam and fill the reservoir our land acquisition program approaches completion and we will actually wind up by buying less land than we had originally anticipated.

In that particular job alone, we will have \$426,000 that we can apply to the other projects in the 1950 program and thereby reduce the amount we asked to be restored.

Mr. CASE. When did you prepare the estimates for your 1950 construction program?

Mr. CLAPP. In August 1948.

Mr. CASE. When did you determine that you needed this \$5,000,000 estimate?

Mr. CLAPP. About November.

Mr. CASE. Is that November of 1949? That would be in a period of about 15 months. In other words, in November of 1949, you determined that by applying these indexes of changes in construction costs that your estimate of August 1948 was correct?

Mr. CLAPP. That we could not do it for any less.

Mr. CASE. You are to be congratulated. If ever Mr. Keyserling and the Board of Economic Advisors hear about that, TVA might find you taken by draft.

Mr. CLAPP. Mr. Case, we, of course, would not claim an infallibility that looks that precise. Our estimates are not the result of any mathematical application of the Engineering News Record Index. Our estimates are built up from the estimates of the various engineering groups who know how to estimate how many yards of concrete will be required and how many yards of rock, and so forth.

Mr. CASE. But this is the sum of your testimony, that there was a certain construction index in 1948 of 477.1 and that it had gone down in the spring of 1949 to about 472; and later went to 480; that in 1948 you wanted \$6,876,450; that you agreed to a 15-percent cut in 1949, but that now you would go back and ask for the identical \$6,876,450 as in August of 1948. That is an amazing example of combining foresight and hindsight.

Mr. CLAPP. I do not want to detract from the kudos. When we were advised of the reduction contemplated by this committee, as I think the chairman pointed out a few moments ago, we were informed that it was the application of a general policy adopted by the Appropriations Committee to all construction programs of the Government. We expressed the belief at that time that costs would not go down sufficiently to make it possible for us to do as much in 1950 as the committee expected us to do with 15 percent less money. We did not argue the point, but we did state our view, and we were assured in the report of this committee that in the event the assumption which served as the basis for the 15-percent cut did not prove out in experience, we would be more or less welcomed back here to state our problem and our case.

Mr. CASE. I did not intend to indicate you were not welcome, Mr. Clapp. You are always welcome before this committee.

Mr. CLAPP. Thank you.

CAPACITY OF JOHNSONVILLE STEAM PLANT

Mr. CASE. In regard to Unit No. 4, the Johnsonville steam plant, was that selected because you thought it would make power available in a shorter period than from any major source? What is the capacity of that plant?

Mr. CLAPP. In the Johnsonville plant as presently authorized there will be three units with 337,500 kilowatts total. The fourth unit will be the same size as each of the first three, 112,500 kilowatts.

Mr. CASE. Does it multiply the efficiency of the other units in any way?

Mr. CLAPP. No.

Mr. WESSENAUER. You do have the advantage of one superintendent.

Mr. CASE. Is it not a matter of firming up hydroelectric power?

Mr. WESSENAUER. It will be useful in that respect.

Mr. CASE. It will have the capacity for development.

Mr. WESSENAUER. Actually, the name-plate rating is 112,500 kilowatts but its capacity will be about 125,000 kilowatts.

NUMBER OF EMPLOYEES NECESSARY TO OPERATE POWER UNITS

Mr. CASE. How many people do you use to operate the three units presently in operation?

Mr. WESSENAUER. We are not yet in operation, but to answer your question, we will have about 225.

Mr. CASE. To operate the three units?

Mr. WESSENAUER. Yes, sir.

Mr. CASE. How many will you need when you add the fourth unit?

Mr. WESSENAUER. It might be about 40 more. I have not an exact figure here, but it is something like that.

Mr. CASE. Forty more, did you say?

Mr. WESSENAUER. Yes, roughly.

(Later check indicates only 10 additional operators will be required for the fourth unit.)

Mr. CASE. Do you operate there on a 40-hour week?

Mr. WESSENAUER. Yes, sir; a 40-hour week and, of course, with continuous operation, on a 3-shift basis.

Mr. CASE. Do you actually employ more men on work over 40 hours?

PAYMENT OF OVERTIME AND NIGHT DIFFERENTIALS

Mr. WESSENAUER. No, sir. When there are absentees because of sickness, it may be necessary at times to operate some of the men at overtime with additional hours.

Mr. CASE. You pay straight time regardless of the day of the week or the hour of the day?

Mr. WESSENAUER. There is straight-time pay fixed on the basis of established shifts. There is a shift differential, however, for those men who work on the late afternoon shift and the night shift.

Mr. CASE. What is that differential?

Mr. WESSENAUER. Four cents on the late afternoon shift and 6 cents an hour on the night shift.

Mr. CASE. Do you have any differential for those who work holidays and Sundays?

Mr. WESSENAUER. If they are required to work on what would be their Sunday or holiday, there is overtime pay.

Mr. CASE. Time and a half, is that?

Mr. WESSENAUER. No; double time.

SELECTION OF UNITS FOR NEW STEAM PLANT

Mr. CASE. Would you select Widows Creek and northeast Alabama for two units of the new steam plant?

Mr. CLAPP. We will need to add capacity and energy in the eastern part of our system in order to minimize the transmission problems. The particular spot selected was based upon many factors, the most important of which are these: We will, of course, serve the Oak Ridge load from those plants nearest to Oak Ridge, plants which have previously been serving that whole eastern area. Then we will need a plant in the eastern end of our system as close to Chattanooga as possible, which is now being served by some of our plants which will shift their energy to Oak Ridge. The new plant, Widows Creek, will be taking the place of those other plants in serving loads in the Chattanooga area. It has to be located on the river in the eastern part of the area, being on the river in order to get its condensing water.

Another factor in its location is access to coal. This particular location is right at the foot of some important coal beds up through the Sequatchie area in Tennessee.

Mr. CASE. Who operates the mines in those coal fields?

Mr. CLAPP. They are private operators.

Mr. CASE. Are they now in operation?

Mr. CLAPP. I think they are caught in much the same problem that most of the other coal operators are. I think they are on a 3-day week.

Mr. CASE. Are you suffering any from the coal shortages at any of the present steam plants?

Mr. CLAPP. No; we are not. We are in the unusually fortunate position from one point of view of having ample coal supplies on hand at most of our major steam plants.

Our supply is heavy for two reasons. One is that we had a better water year last year than we had any reason to expect and, therefore, used less coal. That helped to increase our reserves.

The other reason is that we were in the process of making sure that we would have adequate reserves.

Mr. CASE. What do you mean "process of making sure you would have adequate reserves"? Do you have a special contract with the producers?

Mr. CLAPP. No; but we were building up inventories higher than we might have built them up if we had been able to assume there would be continuous production.

Mr. CASE. The coal does not slack? You do not lose any efficiency in steam-power production by long storage of your coal, do you?

Mr. WESSENAUER. The surface coal, to some extent, does leach off, but we make sure that it is packed down fairly tight with bulldozers to minimize the loss in the heating value of the coal.

POSSIBILITY OF ATOMIC ENERGY COMMISSION'S SECURING POWER FROM OTHER SOURCES

Mr. CASE. Perhaps you recall that last year when we were talking about this program, I raised the question about the possible use of some of the large hydroelectric dams that the Government was building in the general area of Tennessee or Kentucky and asked that the determination be made, or a canvass be made, to see if the Atomic Energy Commission could get this needed power supply from some of those sources.

What steps were taken to make that survey?

Mr. CLAPP. You are referring to the dams being built by the Army engineers on the Cumberland River?

Mr. CASE. I referred generally to any dams the Government might be building that would produce in that area, Wolf Creek, Ky., and any others that would be within reasonable transmission distance.

Mr. CLAPP. All the dams that are now under construction, or that have been built to produce power on the Cumberland River, are putting their power, or will put their power, into the TVA system, and all of that capacity and energy is figured into our ability to meet our forecasted loads.

Mr. CASE. You speak of the Cumberland River. That does not exhaust all power-producing dams that the Government is building in the area that could reach Oak Ridge, does it?

Mr. CLAPP. I assume that the Atomic Energy Commission has assessed all possibilities of where they can get this power.

Mr. WILLIAMS. We have as our consultant in power matters Mr. Giroux of the Office of Chief of Engineers. We asked Mr. Giroux to canvass the possibilities of hydroelectric projects in that department. He answered us in a letter dated September 30, 1949, and said:

I have looked over the possible hydroelectric projects that this Department expects to build and the transmission distance of Oak Ridge, but do not find that there is much possibility that hydroelectric power from them can be reasonably expected within the time desired and within the quantity approximating 300,000 kilowatts of continuous power. It would, therefore, appear that the only alternative is the construction of plants strategically located near the project.

He goes on and has more in the letter, but that is the gist of his reply. He has several other paragraphs.

Mr. CASE. And that was the way in which the Atomic Energy Commission responded to that request?

Mr. WILLIAMS. That is right. That is a part of the way we responded, sir.

Mr. CASE. What was the rest of it?

POSSIBLE SUPPLY OF POWER IN AREAS CONTIGUOUS TO OAK RIDGE

Mr. WILLIAMS. We also asked Mr. Giroux if he would investigate for us, since he is an expert in this field, the possible supply of power in the contiguous areas to Oak Ridge. He did.

We have another letter from him dated November 23 which reads:

In accordance with our conversation on October 19 with regard to the cost of power from sources within the transmission distance of Oak Ridge, I had our repairs and utility branch make a brief investigation of the availability of power and the cost thereof in blocks of 50,000 kilowatt-hours * * *. I am attaching hereto a copy of a report which, I believe, is self-explanatory.

The enclosures listed are mainly descriptive bulletins, maps, and so forth, which are not attached. If, however, you would like to have a copy of these, I can furnish them later.

Mr. Giroux contacted Appalachian Electric Power of Virginia and West Virginia; Ohio Power Co., of Ohio; Indiana-Michigan Power Co., of Indiana-Michigan; Alabama Power Co., of Alabama; Georgia Power Co., of Georgia; Carolina Power & Light Co., of North Carolina; Mississippi Power & Light Co. in Mississippi; Arkansas Power & Light Co., of Arkansas; Central Illinois Power Co., of Illinois; Southern Indiana Public Service Co.; Commonwealth Edison Co. in northern Illinois; the Public Service Co. of northern Illinois; Union Electric Power Co., and the Virginia Electric, of Virginia and West Virginia; and we found in this survey figures that range from 5.91 f. o. b. their line—I guess would be a good way to put it—from 5.91 mills up to as high as 9.82 mills per kilowatt.

In addition, of course, you would have to assume that if we could get this power that the transmission facilities would be heavy enough to carry the amount of power which we will need.

COST TO ATOMIC ENERGY COMMISSION OF TVA POWER

Mr. CASE. What will you get this power from TVA for?

Mr. WILLIAMS. The total cost, including amortization, would be 3.6 mills.

Mr. CASE. Whom did you contact?

Mr. WILLIAMS. We contacted the National Security Resources Board and asked their power panel to make a survey for us.

DISPOSITION OF SURPLUS POWER AT DAMS BUILT BY ARMY ENGINEERS

Mr. CASE. I think under existing law that power generated at dams built by the Army engineers, which is surplus to the needs for operating those dams, is disposed of by the Secretary of the Interior.

Mr. WILLIAMS. For this project we could not depend on power that is generated by hydroelectric—that is, excess power.

Mr. CASE. I think you misunderstood the word “excess.” The word that I used was “surplus” and, as I recall the act, it is the power surplus to the operation of the works, itself. That reserves for the Army engineers at the dam merely the power that they would need in operating a lock or any facility they have there. It means the Secretary of the Interior is the sales agent for all the power generated at all of the going to the Army engineers and the reclamation projects.

I think you have made a fair attempt to answer the question by going to the Army engineers and by going to the National Resources Board, but under the law the Secretary of the Interior is the sales agent for all of the power available for sale. In addition to that, the Federal Power Commission has testified before this subcommittee in asking for funds that it is the agency which really knows what power there is available in an area and what power market there is.

Mr. WILLIAMS. They have representatives on the National Security Resources Board, I believe.

Mr. CASE. Both the Federal Power Commission and the Secretary of the Interior.

Mr. WILLIAMS. Yes.

Mr. CASE. What was the response you got from them?

Mr. WILLIAMS (reading):

This is in reply to your letter of November 16 regarding power supply for immediate expansion of your atomic-energy production facilities in Oak Ridge.

Your letter states that work is proceeding on the program on the use of funds available from existing reserves of the Atomic Energy Commission and that arrangements have been made, subject to the availability of necessary funds, for the Tennessee Valley Authority to supply necessary electric power.

You asked us to provide, by December 10, or shortly thereafter, information with respect to the power situation in the Southeast which has been developed through the current national survey of power capacities and requirements sponsored by the Office of Energy and Utilities of the National Security Resources Board.

FEASIBILITY OF USING EXISTING PLANTS RATHER THAN STARTING NEW ONES

Mr. CASE. I am just trying to help you bring out the facts. Obviously if there is a time element involved and if the Government already is building some dams and power is being generated in the area that could be available within the time desired, and the Government has it for sale, it would make good sense to use that power rather than to start a new plant.

If you have got the evidence there to show that that door is closed, it strengthens the case for this appropriation.

Mr. WILLIAMS. We believe we have. Otherwise, we would have taken another tack.

Here is one paragraph that might do it:

The tight power situation at the end of 1951 reflects the requirement by that time of approximately 110,000 kilowatts of additional load at Oak Ridge for the program described in your letter. In appraising the practicability of supplying this 1951 requirement, the TVA System should not be considered alone but as a part of an interconnected network of the power system. There are major transmission interconnections having a combined capacity of about 500,000 kilowatts between TVA and other systems in the Southeast (region 3) and contiguous territory (region 2 to the north of TVA area and region 5 to the west).

In comparison with the new power requirements at Oak Ridge of approximately 110,000 kilowatts in the winter of 1951, our studies show that the margins of generating capacity on adjoining systems, even under adverse stream-flow conditions, will be sufficiently large to permit bringing in over the TVA interconnections at least 200,000 kilowatts during the interim period pending the completion of the new generating facilities. About half of that total amount may be expected to be available from the systems to the north, and at least a quarter of that amount from the systems to the west, and a quarter from the systems south and east.

The use of power from interconnected systems pending the completion of TVA's new generating equipment will reduce the operating reserves and the margins which are provided to meet additional load growth on those systems. Permanent transfer of power from other areas to supply your needs would necessitate reestablishing reserves in those areas by adding to the capacity of generating and transmission facilities.

He says, in effect, temporarily we might be able to get some power, but it would mean these systems would have to build up their power plants.

Mr. CASE (reading):

Permanent transfer of power from other areas to supply your needs would necessitate reestablishing reserves in those areas by adding to the capacities of generating and transmission facilities.

You did not explore that any? That is, adding those reserves which could be done more cheaply than building this entire new plant?

Mr. WILLIAMS. I have given the committee evidence here that the cost would be at least 6 mills for any power we would get from sources other than TVA. If we got power in the amounts we want—TVA can answer this better than I—but I would assume from what investigation I have made that it would require firming up certain power lines in order to transmit this power in the first place.

Mr. CASE. You are going to do that anyway to get this power in the interim, are you not?

Mr. WILLIAMS. No; we are not going to firm it up.

Mr. CASE. What about the 200,000 that they said would be available temporarily?

Mr. WILLIAMS. That would be available from the plants scattered around the area, but they did not say they had transmission systems heavy enough to transport it to Oak Ridge. The firming up of the system costs a certain amount of money.

Assuming we did firm them up and assuming they did go ahead and build plants, we would still be depending upon quite a diverse system of supply for a unit that has to operate 24 hours a day every day.

Mr. CASE. If Old Man River keeps on flowing, it may be more dependable than depending on the steam plants that require coal if we may take notice of the current and uncertain 3-day week in that industry.

Mr. WILLIAMS. In 1948, we undertook some special operations in order to maximize the output of our steam-power plant at Oak Ridge during a period of shortage of water and lack of rain.

Mr. CASE. It looks as if steam plants may have to go on a 3-day week basis if they keep on as they are going, in order to keep even with the production of coal.

Mr. WILLIAMS. I don't know. There are many things you could do and there are many ways we could have done this. We picked what appeared to us from the study of it to be the most feasible and most economic means of supplying this power to the Oak Ridge facility.

Mr. CASE. You realize now, do you not, why the committee once in a while feels it is necessary to have staff investigators go into these plants if they want to get the facts developed from the committee's standpoint.

Mr. WILLIAMS. No; I do not.

Mr. CASE. You did make an inquiry but the exploration that was suggested in Mr. Steelman's letter was not made. You accepted the answer which would confirm your position. Actually, to explore the matter, to determine whether or not you could get this power more quickly or more cheaply to the Government by exploring the sources vaguely suggested in that letter did not occur to you.

Mr. WILLIAMS. Certainly I have given you a list of the power companies involved, and I have given you the fact that the cost there, right at the end of their system, was about twice what we are going to pay TVA for the power. I can give you these costs individually, if you want them, but the lowest is 5.91 mills and the highest is 9.82 mills.

This letter does not represent the total transaction on this deal, Mr. Case.

Mr. CASE. Whether or not that would be a conclusive figure on costs would depend on going into whether or not the Government suffers any loss of tax revenue, either by utilizing TVA power, and whether the factor in the power that comes from private companies represents an item for the corporation tax that the corporation might pay. The net cost to the Government is not entirely provided by comparing two rates alone.

Mr. WILLIAMS. We were limited in time.

Mr. CASE. Yes; I know; and you want to get the power as soon as possible and just as efficiently as possible.

Mr. WILLIAMS. We were limited in time as to when we could make a decision because this is the limiting factor in getting this job done. If we are going to procure equipment, which takes a couple of years to build in some instances, that is another thing.

Mr. CASE. But, of course, Mr. Steelman's letter suggested that, if you needed some power right away, there was some available. It certainly would be simpler to strengthen the transmission system there than to start out and build an entirely new plant. It may be that your answer is correct on the basis of the steps that have been taken. We may have to accept that as such. But once in a while I am moved to ask a few questions in the hope that we can generate a feeling on the part of the Government agencies that questions of this sort should be answered with the same follow-through they would give if they were spending money out of their own pockets.

Mr. WILLIAMS. To the extent we have time, we try to do that. We have investigated this, and we are satisfied that this is the most feasible and economic way to do the job.

COST OF PAY INCREASES

Mr. THOMAS. Mr. Clapp, I notice you have here in your deficiency, which totals \$12,365,000 for 1950, an item of \$365,000 for payment in regard to the increased pay bill. Does this item of \$365,000 for your increased pay for 1950 represent the full 8½ or 9 months, or have you absorbed any of the increase?

Mr. CLAPP. That represents the amount for the whole period.

Mr. THOMAS. On the basis of your present filled positions for 1950, will you be able to absorb any part of the increased pay?

Mr. CLAPP. It would be extremely difficult, Mr. Chairman.

We have combed this 1950 budget through with a fine-tooth comb to try to keep that request for restoration of the 15 percent cut to the lowest possible figure. The problem of getting another \$365,000 out of this total program for 1950 would be difficult.

Mr. THOMAS. How many jobs do you have appropriated for out of the 1950 funds, and not out of your corporate funds. I thought maybe you had that figure available there.

Mr. OLIVER. There are about 5,400 employees involved in this pay increase. The total cost of the pay increase is \$760,000, of which, as indicated in Mr. Clapp's letter, \$395,000 will be financed from corporate funds and we are not asking appropriation for that.

Mr. THOMAS. The full cost is not \$365,000, but it is near \$760,000, and you are paying \$365,000 out of the appropriated funds, and then another \$400,000 out of corporate funds?

Mr. CLAPP. That is correct.

NUMBER OF POSITIONS IN 1950

Mr. THOMAS. How many appropriated jobs do you have for 1950?

Mr. OLIVER. Roughly 2,600, and the salaries of the 2,600 involved here would be paid from appropriated funds. Payment of some individual salaries is divided between the two funds, according to the nature of their work.

Mr. THOMAS. You are not going to be able to absorb any of the pay increase?

Mr. CLAPP. That is right.

Mr. THOMAS. You have your own personnel system, do you not?

Mr. CLAPP. That is correct.

VALUE OF ACCUMULATED LEAVE

Mr. THOMAS. Do you have any great amount, and if so, what is that amount, of accumulated leave up to and including 1950?

Mr. CLAPP. We have accumulated leave liability.

Mr. THOMAS. You mean the dollar value?

Mr. CLAPP. Yes, which is shown in our balance sheet and which is kept on an accrual basis in the Treasury accounts in the amount of about \$6,000,000. We accrue it.

Mr. THOMAS. How many employees does that cover?

Mr. CLAPP. That would cover all the employees who are eligible for leave in TVA, which would be approximately 9,000.

Mr. THOMAS. You mean they do not take their vacations as they come due?

Mr. CLAPP. Mr. Gant, do you know what the figures are on that?

Mr. GANT. About 9,000 employees are eligible for annual leave. I do not have the exact figure.

Mr. THOMAS. Is that \$6,000,000 value liability? Does that accrue against appropriated funds, or corporate funds, or both?

Mr. GANT. Both.

Mr. OLIVER. That is the total from both funds that has been paid over in what amounts to a trust fund for payment of employees' leave. The leave accrues against whatever account the employee is working on at the time it is accrued.

Mr. THOMAS. As far as your bookkeeping practice is concerned, you have set up a trust fund; is that correct?

Mr. OLIVER. That is correct. We have a liability against which we have accumulated funds.

Mr. THOMAS. You operate on a current basis, do you not?

Mr. OLIVER. That is correct.

JUSTIFICATION OF SUPPLEMENT REQUEST

Mr. CLAPP. Could I ask that this letter to Mr. Cannon be incorporated into the record?

Mr. GORE. Mr. Reporter, will you please include that letter in the record and also include the entire text of the letters which Mr. Williams has read?

(The letters referred to are as follows:)

TENNESSEE VALLEY AUTHORITY,
Knoxville, Tenn., January 26, 1950.

HON. CLARENCE CANNON,
*Chairman, Committee on Appropriations,
House of Representatives, Washington, D. C.*

MY DEAR MR. CANNON: The President has recommended that a supplemental appropriation in the amount of \$12,365,000 be made available to TVA for use in the current fiscal year. Because of urgent need to begin work on certain of the items covered by the request, we respectfully urge that it be considered by your committee at the earliest possible date. The estimate would accomplish the following:

1. Provide \$7,000,000 to begin construction immediately on facilities required to meet an increase in the power requirements of the Atomic Energy Commission at Oak Ridge.

2. Provide \$5,000,000 to enable TVA to complete the 1950 construction program approved last spring by the Congress. Estimates for this program were reduced \$6,876,450 in anticipation of a general decline in construction costs and with the understanding that TVA would submit a deficiency request in the event that costs did not follow the anticipated trend. Construction costs indices have increased rather than decreased since action was taken on the 1950 budget, but adjustments have been made to hold the deficiency request to \$5,000,000.

3. Provide \$365,000 toward the cost of pay increases comparable to Public Law 429.

4. Increase the ceiling on administrative and general expenses incorporated in title II of the Independent Offices Appropriation Act, 1950, from \$3,699,000 to \$3,845,000. The increase of \$146,000 is largely to accommodate the cost of pay increases chargeable to the administrative and general expense accounts.

Enclosed with this letter is a statement explaining the necessity for each of the items above. We are ready to appear before your committee at any time with respect to this supplemental estimate. If additional information is needed prior to the hearings, we are prepared to supply it promptly.

Sincerely yours,

GORDON R. CLAPP,
Chairman of the Board.

JUSTIFICATION OF SUPPLEMENTAL APPROPRIATION REQUEST FOR THE FISCAL YEAR
ENDING JUNE 30, 1950

1. Facilities required to serve expanded power requirements at Oak Ridge

The supplemental request for the fiscal year 1950 includes \$7,000,000 to permit work to begin immediately on additional generating and transmission facilities. These facilities are required to supply the Atomic Energy Commission with a large quantity of additional power for the operation of a new atomic energy facility which is under construction at Oak Ridge.

The funds are to be used for beginning construction of the following facilities:

Unit No. 4 at Johnsonville steam plant-----	\$1, 500, 000
Two units at a new steam plant to be located at Widows Creek in northeast Alabama-----	4, 500, 000
Transmission lines and terminal facilities-----	1, 000, 000
Total-----	7, 000, 000

The total cost of these facilities, scheduled for completion about mid-1952, is estimated to be about \$59,000,000.

While the capacity of the TVA system is being considerably increased by new generating units now under construction, that capacity will be required to supply the normal increase in the power demands of TVA's customers in the area now served with TVA power. The present construction program also will provide the power required by the AEC for its K-29 plant now under way at Oak Ridge, but it does not provide any power for the large addition recently undertaken at Oak Ridge.

Present schedules of the Atomic Energy Commission call for completion of various parts of the new atomic production facilities at Oak Ridge beginning in September 1951 and extending through July 1952. In view of the somewhat longer time required for construction of new power facilities, it is necessary that TVA be able to start promptly with the construction of the power facilities outlined above. In order to meet the AEC's earlier needs for power, during the period between September 1951 and the time the new power facilities can be placed in operation in 1952, TVA is undertaking to augment its own generation with power obtained at somewhat higher cost from interconnecting power systems. It must be recognized that the use of TVA's interconnecting facilities for this purpose will interfere for that period with other transfers of power which the interconnections were built to permit, and will reduce temporarily the important margins of reserve which are being built up by the several power systems. It is practicable, however, to take such steps for an interim period and the necessary arrangements are being developed.

In selecting the locations at which to provide added capacity to the TVA system, consideration was given to the factors of urgency and economy in the over-all system balance between load and supply. The addition of a fourth unit at the Johnsonville steam plant would make power available in a shorter period of time than from any other major source. The remainder of the additional power requirements can be imposed upon the Fort Loudon and Watts Bar hydro plants and the Watts Bar steam plant, which are in the vicinity of Oak Ridge, by providing capacity at a new location to supply a corresponding part of the other growing loads to which Fort Loudon-Watts Bar power is now transmitted.

Heavy and rapidly growing peak loads in the Chattanooga area and major new off-peak demands to be expected at the Air Engineering Development Center recently located at Tullahoma, Tenn., make the reaches of the Tennessee River downstream from Chattanooga (where the river is closest to the AEDC site) the proper area in which to locate the new steam plant. With a new plant in this area, TVA's major sources of steam power—Watts Bar, Johnsonville, and the new plant—will be well distributed to supplement hydro-generation throughout the service area.

Following extensive foundation investigations, the Widows Creek site between Bridgeport and Stevenson, Ala., was selected as the most desirable location for the proposed new plant. This site has satisfactory access to water, rail, and highway transportation facilities together with an adequate supply of condenser circulating water, and availability of fuel at reasonable cost.

Transmission facilities will be required for connecting the Widows Creek plant to the 154-kilovolt system network. Additional lines must be built in the vicinity of Oak Ridge with terminal facilities at existing generating plants. Also

some strengthening of the existing transmission system will be accomplished by the construction of a second line from Watts Bar to Great Falls and by connecting the Watts Bar-Alcoa line into the Fort Loudon hydro plant.

2. Deficiency in construction allowance, fiscal year 1950

Five million dollars of the supplemental request is to enable TVA to keep its 1950 construction activities on schedule. When the Congress acted upon the regular appropriation for the current fiscal year, it approved the program recommended by TVA, but reduced the construction estimates by \$6,876,450. The position of the Appropriations Committee was stated as follows:

"The denial of 15 percent of funds requested for the construction program is in line with the formula set forth in detail in the report on the recently passed civil-function appropriation bill. It is hoped construction costs will permit completion of the 1950 program with funds provided. However, the committee wishes to make it clear that the entire construction program as presented in the budget has been approved and that, in the event construction costs do not continue to decline, TVA will be permitted to submit a deficiency request for additional funds and given full opportunity to justify the need therefor" (p. 29 of House Committee Report on Independent Offices appropriation bill, 1950).

Following passage of the bill by the House, TVA was requested by the Senate Appropriations Committee to indicate changes in the bill considered absolutely necessary, and replied in part as follows:

"* * * Since the report on the bill makes it clear that the TVA program in the President's budget is approved, and that, in the event costs do not decline as anticipated, TVA will be given full opportunity to justify its need for additional funds in a deficiency request, we have no changes which could be termed 'absolutely necessary.'

"We hope that the lower costs anticipated by the House can be realized, and we shall take every possible advantage of any decrease in costs. Due to the way in which the TVA estimates were developed, however, it appears certain now that we shall be forced to seek a restoration of funds next fall in order to carry out the appropriation program on schedule. A careful analysis of our construction estimate, a summary of which is enclosed, indicates that only about one-fourth of the estimate will be subject to the price reductions which are most likely to occur" (p. 1074, Senate Hearings on Independent Offices appropriation bill for 1950).

The rather sharp decline in construction costs which was expected to occur in the summer and fall of 1949 did not develop. As a matter of fact, the nationally recognized construction cost index maintained by the Engineering News Record reached an all-time peak of 480.43 in October 1949, about 6 months after the TVA program was under consideration by the Congress. The TVA construction estimates for 1950 were developed in August 1948 when the Engineering News Record index was 477.11. This index peaked at 480.21 in October 1948 and declined to 472.10 in May 1949. Beginning in May, however, it once again began to climb and stands at 480.32 in December 1949.

Despite the fact that construction costs in general have not declined, TVA has been able to identify certain savings not anticipated in its original budget and to make certain additional adjustments which in total reduce the estimated deficiency from \$6,876,450 to \$5,000,000. These savings and adjustments are itemized below:

- | | |
|---|------------|
| a. Savings in the total cost of South Holston project. The 1950 budget estimated the total cost of South Holston at \$34,500,000. It now appears that due to savings in camp operations, land costs, and certain other activities, the project will be completed for \$34,000,000. The portion of the savings applicable to the current year is estimated at----- | \$426, 000 |
| b. The project for raising Hales Bar Dam, started in 1946 and estimated to cost as much as \$5,400,000, is being completed in the current year at a cost which should not exceed \$5,100,000. The portion of the savings applicable to 1950 is----- | 250, 000 |
| c. More rapid progress was made in 1949 on Wheeler units 7 and 8 than was anticipated. This reduces the 1950 appropriated fund requirements----- | 467, 000 |
| d. The original 1950 estimate included \$765,000 for emergency replacements at the chemical plants at Muscle Shoals. Experience so far this year indicates that with some degree of risk this estimate can be reduced by----- | 265, 000 |

e. There were, at the end of fiscal year 1949, small underruns in operating programs financed from appropriated funds. It is proposed that in lieu of increasing the request, these operating savings from last year be applied to the 1950 construction program in the amount of-----	\$289, 170
f. Miscellaneous savings are expected to total-----	179, 280
Total savings under original estimates-----	1, 876, 450

Construction work for the year has been scheduled to complete the program approved by the Congress. However, in order to perform all of this work, a supplemental appropriation in the amount of \$5,000,000 should be available not later than March 1950. If these funds are not made available, practically all important appropriation-financed construction work which would normally be carried on between March and July will have to be curtailed until the 1951 appropriation becomes available.

At the Johnsonville steam plant \$1,115,000 of work has been scheduled for the March to July period based on securing the supplemental appropriation. If these funds are not available a slow-down of the construction operations, which have been rapidly brought up to a high tempo, will seriously impair the possibility of this plant being of maximum assistance in relieving a critical power situation in the fall and winter of 1951, and of completing on schedule the added unit which will be the first step in providing a firm power supply for the Oak Ridge expansion. Approximately \$8,700,000 (57 percent) has been obligated through October ($\frac{1}{3}$ year) out of a budget for the year of \$16,065,000 (without the proposed supplemental appropriation) which indicates that the supplemental amount will unquestionably be needed.

A significant amount of earth and rock fill, highway relocation, and land purchases at South Holston Dam (estimated at \$589,000) would have to be deferred until the summer and fall of 1950 which, with adverse weather conditions, might seriously jeopardize the ability to close the dam in November 1950 and might even result in the loss of almost a full year in initial operation. It is impossible to place the closure gates in the diversion tunnel of a dam of this size and type except in periods of low water which occur only during the fall of the year from about September to mid-November. If closure were postponed until the fall of 1951 it would mean the loss not only of the 35,000 kilowatts of power at South Holston itself but also the power that could have been generated at downstream plants from South Holston water releases.

Similar adverse effects would be realized in connection with installing the fifth and sixth generating units at Pickwick and the fifteenth and sixteenth generating units at Hales Bar Dam. Present schedules contemplate the expenditure of \$1,873,000 on these installations between March and July 1950. If these funds are not available, the installations will necessarily be deferred for the same period, thus delaying the power from these 120,600-kilowatt units that is badly needed at the critical period when they are scheduled to come on the line. In addition, the field work at Hales Bar would have to be stopped, thus increasing the cost of the job.

Difficulty in meeting schedules and added costs because of delays would also be experienced in connection with other facilities under construction.

3. Cost of pay increases comparable to Public Law 429

The total cost of pay increases comparable to Public Law 429 is estimated at \$760,000 for the 1950 fiscal year. Of this amount, 52 percent, or \$395,000, is being financed from corporate funds. The balance, \$365,000, is included as part of the supplemental appropriation estimate.

The average number of employees required to carry out the 1950 program is estimated at 14,109. Of this number, 5,180 have received pay increases comparable to Public Law 429, which became effective October 30, 1949. The remainder are trades and labor employees whose wage rates are fixed on the basis of rates generally prevailing in the area of TVA operations. Current wage conferences with this latter group of employees will probably result in adjustments for certain classifications, but the cost of these adjustments will be financed from corporate funds or absorbed within appropriated funds already available and are not included in the supplemental estimate.

The calculation of the \$760,000 cost of increases comparable to Public Law 429 is as follows:

(a) Cost of pay increases proper for 17½ pay periods of the fiscal year—	\$563, 000
(b) Leave reserve adjustment due to increase in pay schedules—	158, 000
TVA's accounts are kept on an accrual basis. Under this method of accounting, liabilities—including liabilities for accumulated annual leave—are recorded when they are incurred. Since the pay increase increases the monetary value of each employee's accumulated annual leave, the leave reserve must be increased by the above amount even though no immediate cash outlay may be involved. This practice is recommended by the General Accounting Office for all government corporations.	
(c) Retirement plan expense—	39, 000
TVA contributions to the TVA Retirement System, as well as the payments made by the employees, vary directly in proportion to annual salaries. The increase of \$563,000 in the pay-roll figure results in an increase in retirement plan expense of \$39,000.	
Total cost of pay increases comparable to Public Law 429—	760, 000
Less amount chargeable to programs and activities financed from corporate funds—	395, 000
Amount included in supplemental estimate—	365, 000

4. Limitation on administrative and general expenses, 1950

The language of the supplemental estimate would increase the statutory ceiling on administrative and general expenses from \$3,699,000 to \$3,845,000. The increase of \$146,000 is broken down as follows:

- (a) \$98,000 is to cover that portion of the \$760,000 total cost of pay increases comparable to Public Law 429 which is chargeable to the administrative and general expense accounts.
- (b) \$41,000 is to cover certain costs classified as administrative and general expense but which are directly related to the new power facilities being proposed to meet the expanded requirements of the Atomic Energy Commission. Because of progressively more stringent limitations on administrative and general expenses, management service staffs have been reduced to a point that the additional work load occasioned by the new facilities cannot be handled without a small increase in personnel. The situation with respect to administrative and general expenses is described in detail in the budget program submitted for the 1951 fiscal year. The increase in the 1950 ceiling would permit the addition during the current fiscal year of 21 employees included in 1951 estimates. The \$41,000 is apportioned \$25,000 to procurement, \$12,000 to accounting, and \$4,000 to personnel activities.
- (c) \$7,000 is to cover the cost of increased salaries for the board of directors pursuant to Public Law 359. In accordance with the provisions of this act the expense of the salary increases is being absorbed within funds now available to TVA; however, it is necessary that the ceiling on administrative and general expenses be raised to permit the use of the funds within this category.

The \$146,000 increase in the administrative and general expense ceiling is required even though the total of such expenses as shown on schedule B-4 of the 1951 budget justification document is in precise agreement with the present ceiling of \$3,699,000. This is due to the fact that certain costs, which also happen to total \$146,000, and which the 1950 budget assumed would be classified as administrative and general expenses, are in fact being charged directly to projects and programs.

The transfers grow out of changes in the accounting treatment for retirement plan expense and costs of installing permanent graphic displays in TVA projects. The retirement expense reclassified relates to employees whose salaries are not charged to the administrative accounts and the shift has been made in the interest of more precise cost allocations to the various TVA programs. The amount being shifted is estimated at about \$145,000. The change in accounting treatment for permanent graphic displays results from the fact that these small jobs are being handled on the basis of work orders from the various projects. The amount involved in 1950 is less than \$1,000.

Accounting changes of this kind are anticipated by the appropriation act, but section 306 stipulates that when such changes are made the limitation should be correspondingly reduced. This means in effect that the 1950 ceiling must cover all costs classified as administrative and general expenses on schedule B-4 of the 1951 budget (\$3,699,000) and also the costs which have been transferred (\$146,000) or total expenditures of \$3,845,000.

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington 25, D. C., September 30, 1949.

Mr. S. R. SAPIRIE,
Director of Production and Engineering,
United States Atomic Energy Commission,
Oak Ridge, Tenn.

DEAR MR. SAPIRIE: Receipt is acknowledged of your letter of September 30, 1949, in which you request my comments on additional power in the vicinity of Oak Ridge.

I have looked over the possible hydroelectric projects that this Department expects to build within transmission distance of Oak Ridge but do not find there is much possibility that hydroelectric power from them can be reasonably expected within the time desired or in the quantity approximating 300,000 kilowatts of continuous power. It would, therefore, appear that the only alternative is the construction of a thermal plant or plants strategically located near the project.

If it is decided to use thermal power, it is quite likely that the generating stations can be built in about the same time as the production facilities and there would not then be need to secure interim power. There might be some possibility of purchasing some secondary energy from utilities connected with the TVA system or from the TVA itself and transmitted over the TVA lines, but I do not think that power of this character in any appreciable quantity could be considered firm enough to meet the requirements of the process and probably would require a large expenditure for transmission facilities which would not be required after the thermal plants were in service.

In view of the above, it would be my present recommendation that you proceed on the assumption that your power requirements must be met from thermal generating plants. These might well be designed so that they could eventually feed into the TVA system or other utility system if process requirements should be reduced or abandoned. I believe that capacity of this kind will always be of potential value.

I am leaving tonight for Idaho Falls in connection with some of the power problems at Arco but will be glad to discuss this matter with you further upon my return in about 2 weeks, if you so desire.

Yours very truly,

C. H. GIROUN,
Special Assistant.

EXECUTIVE OFFICE OF THE PRESIDENT,
NATIONAL SECURITY RESOURCES BOARD,
OFFICE OF THE CHAIRMAN,
Washington, December 19 1949.

Mr. CARROLL WILSON,
General Manager, Atomic Energy Commission,
Washington 25, D. C.

DEAR MR. WILSON: This is in reply to your letter of November 16, 1949, regarding power supply for immediate expansion of the atomic-energy-production facilities at Oak Ridge. Your letter states that work is proceeding on this program under Presidential approval of the use of funds available from existing reserves of the Atomic Energy Commission and that arrangements have been made, subject to the availability of necessary funds, for the Tennessee Valley Authority to supply the necessary electric power. You asked us to provide, by December 10 or shortly thereafter, information with respect to the power situation in the Southeast which has been developed through the current national survey of power capacities and requirements sponsored by the Office of Energy and Utilities of the National Security Resources Board.

We are enclosing a statement concerning the power situation in the Southeast (FPC region III) which has been prepared for use in the current national survey and we wish to make available to you the detailed data upon which that statement is based. We are also commenting herein on the significance of the information presented in that statement and related information for adjoining systems.

In compiling the data upon which the accompanying statement was based, the new power requirements of the Atomic Energy Commission, as presented in your letter and in information given us subsequently by your representatives, have been taken into account, together with the capacity which the TVA is arranging to install to meet these requirements. In this connection we have reviewed TVA's schedule for these installations in the light of our current survey of the status of production of heavy electric power equipment and are satisfied that it should be possible to meet these schedules.

The accompanying statement shows that the power situation in the TVA area, standing alone, will be very tight in 1951. In 1952, the installation of the scheduled additional generating capacity will reestablish a margin of reserve which, although small, should assure the supply of your additional power requirements.

The attached statement notes that several hundred thousand kilowatts of the loads in the TVA area are served under contracts which permit their interruption. The fact that power is not required at all times for these large loads provides a substantial margin of additional reserves not apparent from the over-all figures.

The tight power situation at the end of 1951 reflects the requirement by that time of approximately 110,000 kilowatts of additional load at Oak Ridge for the program described in your letter. In appraising the practicability of supplying this 1951 requirement, the TVA system should not be considered alone but as a part of an interconnected network of power systems. There are major transmission interconnections having a combined capacity of about 500,000 kilowatts between TVA and other systems in the Southeast (region III) and contiguous territory (region II to the north of the TVA area and region V to the west). In comparison with the new power requirements at Oak Ridge of approximately 110,000 kilowatts in the winter of 1951, our studies show that the margins of generating capacity on adjoining systems, even under adverse stream-flow conditions, will be sufficiently large to permit bringing in over TVA's interconnections at least 200,000 kilowatts during the interim period pending the completion of the new generating facilities. About half of that total amount may be expected to be available from the systems to the north, at least a quarter of that amount from the systems to the west, and a quarter (or considerably more with normal stream-flow conditions) from the systems to the south and east.

The use of power from interconnected systems pending the completion of TVA's new generating equipment will reduce the operating reserves and the margins which are being provided to meet additional load growth on those systems. Permanent transfers of power from other areas to supply your needs would necessitate reestablishing reserves in those areas by adding to the capacity of generating and transmission facilities.

The attached statement and the comments herein assume a continuation of present levels of defense production. In the event of war or accelerated defense production between now and 1952, loads throughout the several regions under discussion might be increased sharply with the effect of reducing or wiping out presently indicated surpluses. Under such circumstances, which might call for the distribution of power under special directives, this matter should be reviewed again.

Sincerely yours,

JOHN R. STEELMAN.

Attachments.

REGION III

Southeast (Tennessee, Alabama, Georgia, North Carolina, South Carolina, Florida, and parts of Virginia, Kentucky, and Mississippi)

1. Data on present loads and capabilities, projected capacity additions, and forecasts of load growth were obtained from the systems through the special power statements reported to FPC.

2. Gradually increasing margins for reserves and unanticipated loads are indicated except that the TVA system faces a very tight situation in 1951. The following tabulation summarizes the percentage margins which are indicated:

	Region III, except TVA	TVA system	Total, region III
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Average stream flows:			
1949.....	8.7	3.5	7.0
1950.....	10.9	4.0	8.6
1951.....	14.3	-1.1	8.8
1952.....	16.3	8.7	13.5
Adverse stream flows:			
1949.....	4.6	-4.1	1.7
1950.....	6.8	-2.8	3.6
1951.....	10.4	-7.0	4.2
1952.....	12.2	3.6	9.0

3. Transmission interconnections are adequate to equalize substantially the margins in the various parts of this region, except in the case of the marked difference in 1951 conditions between the TVA area and the rest of the region. Interconnections between the TVA system and regions II and V (which will have substantial reserves), combined with the interconnections within region III, will permit transfers to TVA in amounts up to several hundred thousand kilowatts.

4. TVA loads include several hundred thousand kilowatts delivered to the aluminum industry and other large consumers under interruptible-power contracts. Deficiencies on the TVA system are expected to be met by some interruptions in such deliveries, to the extent that they are not relieved by transfers of power from other systems. The 1949 TVA load can be expected to be lower than the amount shown by some 250,000 kilowatts, because of a strike in the aluminum plant at Alcoa, Tenn.

5. Present load forecasts are lower than those of a year ago by 2.7 percent for 1949, 2.9 percent for 1950, and 0.3 percent for 1951. Schedules for the installation of capacity have been improved slightly. More complete data are available on the differences in capabilities between average and adverse stream-flow conditions than were reflected in last year's report. The combined effect of all these changes has been to improve the margins for reserves and additional loads, as compared with those shown in last year's report, by the following percentage points: 4.9 percent for 1949, 5.9 percent for 1950, and 3 percent for 1951, under average stream-flow conditions: 2.7 percent for 1949, 3.7 percent for 1950, and 1.3 percent for 1951, under adverse stream-flow conditions.

PROPORTION OF LABOR AND MATERIALS COST ON CONSTRUCTION

Mr. THOMAS. You gave some figures that interested me in reference to the \$5,000,000 deficiency item on your construction work whereas the committee had cut that item. I believe you stated that the reason you needed the restoration of \$5,000,000 of that \$6,850,000 was due to a decrease in some part, but certainly a firming up for other materials which was about one-fourth of that \$5,000,000, meaning that your materials cost one-fourth and your labor cost three-fourths on your construction projects. Heretofore the committee had been under the impression that the cost of labor as against that of material in some instances ran about 50-50 and in other instances 60-40. Your costs are running 75-25.

Are we to understand that?

Mr. CLAPP. No; that would not be a correct understanding, Mr. Chairman. When I referred to one-fourth, I was referring to supplies and materials representing in dollars about one-fourth of the total

cost of our construction program. The other categories would include equipment purchased by contract, salaries, and wages.

Mr. THOMAS. How does your labor cost compare with your material cost, whether it is in the form of equipment, or sand and gravel, concrete, and things like that, since you are furnishing your equipment and labor cost? It ought to be lower than the average contractor's cost, should it not?

BREAK-DOWN OF COSTS BY OBJECTS

Mr. CLAPP. The construction program in the 1950 budget accounts for \$45,843,000. Of that, considerably less than half is for personal services direct, namely, \$20,333,000.

Mr. THOMAS. How much is your equipment cost of that \$45,000,000?

Mr. CLAPP. Equipment is \$10,038,000. Contractual services would be \$2,483,000; other objects, including travel, etc., \$2,637,000; then supplies and materials, \$10,352,000.

Mr. THOMAS. For your 1950 program, can you break it down roughly into three categories, your labor costs, material costs and equipment costs?

Mr. CLAPP. I would not be able to do that from this tabulation because it includes equipment.

Mr. THOMAS. Can anyone do that, quickly?

Mr. CLAPP. Mr. Blee, do you have any judgment on that?

Mr. BLEE. Labor would represent about 40 percent of the total on a dam and reservoir project; on a job like the steam plant, it would be somewhat less.

Mr. THOMAS. Where your labor is 40 percent, how do you break the remaining 60 percent of cost between materials and equipment?

Mr. BLEE. I have not that figure in mind. We could undoubtedly get that for you.

Mr. THOMAS. If your equipment costs are not out of proportion to your material costs, you certainly do have a favorable labor cost. Will you supply that information in those three categories for your 1950 construction program, showing the total dollar amounts expended for 1950 construction program, and then give, percentagewise, the cost of labor, materials and equipment?

Mr. BLEE. Yes.

(The information is as follows:)

Analysis of TVA construction estimate for fiscal year 1950

[See p. 1075 of senate hearings on the independent offices appropriation bill, 1950]

		Design and engin- eering	Labor	Equipment	Material
Salaries.....	\$5,143,000	\$1,693,000	\$3,450,000		
Wages (hourly trades and labor employ- ees).....	15,190,000		15,190,000		
Permanent equipment.....	10,038,000			\$10,038,000	
Contractual services.....	2,483,000			2,483,000	
Other objects, including freight, travel, etc.....	2,637,000			1,300,000	\$1,337,000
Supplies and materials.....	10,352,000				10,352,000
Total.....	45,843,000	1,693,000	18,640,000	13,821,000	11,689,000

	Cost	Percent of total
Labor.....	\$18,640,000	42
Equipment.....	13,821,000	31
Materials.....	11,689,000	27
Total.....	44,150,000	100
Design and engineering.....	1,673,000	-----
	45,843,000	-----

OBLIGATION FOR ANNUAL LEAVE

Mr. THOMAS. Even though you are keeping it current, you are taking care of each fiscal year's liability for accrued annual leave, but still you are not making it mandatory for people to take leave as it accrues to them, which, in the final analysis, amounts to additional salary costs, even though you are keeping that cost current; is that right?

Mr. CLAPP. In the event of a complete liquidation of the agency, the employees who have accrued leave, the financial value of which is represented in this liability account, would, of course, get the money.

Mr. PHILLIPS. I do not think what the gentleman says is in line with what the subcommittee had in mind as expressed by the chairman. You cannot carry over a cash reserve from fiscal year to fiscal year to pay these people. You are carrying a book credit to their account for unused leave. So that if you were liquidating your agency you would have to come to the Congress and get the money for that.

As I understand the chairman's comments at previous hearings, the idea was that basically the leave had been intended not as an additional salary but a refresher course for the benefit of the agency, as well as for the benefit of the employee, and should be taken, except in exceptional cases. You are accruing a liability against the United States Government in the case of liquidation.

Mr. CLAPP. We do not actually maintain a separate cash fund, Mr. Phillips, but the money that has been appropriated to the TVA, or the revenues which have been made available to it from its proceeds, have been accounted for through the books, in accounts held by the Treasury, and they are good for the amount of that liability. In all probability it will not be necessary, as long as TVA continues, at least, for TVA to liquidate that obligation, but we have actually expensed out that accrued leave in the cost of programs year by year as it was accrued. On that basis we are current with our commitments under the law.

Mr. THOMAS. In other words, the money is in the Treasury to pay that liability any time it wants to come due?

Mr. OLIVER. That is correct.

Mr. THOMAS. They are current, but the practice of accumulating leave and not taking it is another matter.

Mr. PHILLIPS. You cannot carry unused money into the next fiscal year, can you?

Mr. CLAPP. But that is used money.

Mr. PHILLIPS. Where is it? In the bank?

Mr. CLAPP. It is not in any bank account of ours, but there are many obligations which the Treasury maintains as a book account. Whether it maintains actual cash to represent every liability assessed on its books is a wholly different question.

Mr. PHILLIPS. But I do not think that was the chairman's idea, as I understood it.

Mr. CLAPP. I may not have understood Mr. Thomas' idea.

Mr. PHILLIPS. You are accruing a liability against the Treasury of the United States which may or may not be taken up, depending on whether or not the agency is liquidated or the individual leaves.

Mr. CLAPP. There is more to it than that. The main point of it is that as we carry out the program, as we build a dam, part of the cost of that dam is the leave which accrues in the course of the employment of the salaried individuals, and that is expended into that capital structure. That is written off as something we have expended or obligated ourselves to expend, and our appropriation available to us is reduced by that amount in the course of that fiscal year. How the Treasury will then supply the cash in the event the whole fund is liquidated is a problem relating to its particular cash position against its liabilities.

Mr. PHILLIPS. Where do you think the Treasury gets its cash?

Mr. CLAPP. They get it from a number of sources.

Mr. PHILLIPS. Do you think when the original idea of a yearly vacation for governmental employees was set up that it was intended that the employees should be permitted to say, "Well, thank you very much. I don't think I will go on a vacation this year. I will take the cash instead"?

Mr. CLAPP. Of course, they do not get the cash instead at the time they give up their vacation. We cannot pay them cash for a vacation they do not take until they have separated themselves from the service.

Mr. PHILLIPS. When they separate or you liquidate, you are paying cash for the vacation they did not take.

Mr. CLAPP. We encourage them to take their vacations.

Mr. PHILLIPS. I think the chairman was also trying to encourage them.

Mr. GANT. From time to time we have studied the experience of our several operating organizations in connection with the leave the employees are taking and have found that as a general proposition they are not abusing the privilege.

The large accumulation now on the books is due almost exclusively to the wartime experience and it is only in rare cases now where employees are not able to take most of their annual leave.

AMOUNT OF LEAVE ACCRUED DURING 1949

Mr. THOMAS. How much did you accumulate of that \$6,000,000 liability in the fiscal year 1949?

Mr. OLIVER. \$665,000 was the increase in the leave liability during the fiscal year 1949.

Mr. THOMAS. That is quite a sizable sum of money, is it not? That did not have anything to do with the war.

Mr. OLIVER. That was largely due to an increase in the reserve resulting from a wage increase. You see, the leave reserve has to be kept whole. As an employee accrues leave over a period of 10 or 15 years, he accrues that leave at his present salary. If he advances, and if he takes that leave 10 years afterwards, that leave costs at the rate of his salary at that time.

Mr. PHILLIPS. You mean the present time?

Mr. OLIVER. That is right. If an employee, for example, is working 10 years, and is promoted over that period of time, he may be due, say, 60 days of leave. He may have accrued that leave in the beginning at a certain rate which attached to his job at that time. The Government pays him for his 60 days of leave in case he is retired. The practice is to pay him at his last rate of pay.

Mr. THOMAS. If he used that leave, they do not owe him anything.

Mr. OLIVER. In that case, there is nothing in the reserve. There are no funds from which to pay.

Mr. PHILLIPS. If he could have accumulated it over 10 years and had been earning \$2,400 a year 10 years ago and \$7,200 a year now, he gets his accumulated leave at \$7,200 a year.

Would it not seem to you that the Civil Service Commission had promoted itself a little cash severance pay without taking the matter up with Congress?

Mr. CLAPP. I understood that was the law, Mr. Phillips.

Mr. GANT. As I recall, 3 or 4 years ago Congress made it possible for employees to get cash in lieu of leave at the time of separation from service. Prior to that time employees, if they wanted to have their leave, actually had to take their leave at separation from service.

Mr. PHILLIPS. You mean that matter was actually considered by a legislative committee in the Congress on that basis and brought out on the theory that Government money did not cost the taxpayer anything, I suppose?

Mr. GORE. It came out of the Post Office and Civil Service Committee. I do not know on what theory.

Mr. THOMAS. I am surprised you have not been able to absorb any of your salary increase during the fiscal year 1950 by virtue of the large number of positions you have. It looks like your turn-over in your jobs would have permitted you to absorb some of that increased pay.

ANNUAL EMPLOYMENT TURN-OVER

What is your turn-over figure per year in your appropriated jobs?

Mr. GANT. That is between 4 and 5 percent. I will have to check that figure for you.

Mr. THOMAS. The average rate in the majority of the governmental agencies runs about 13 percent at the present time. You mean that yours is only 4 percent a year?

Mr. GANT. I would have to check that to bring it up to date, Mr. Chairman. The turn-over among our annual salary employees is somewhere around that.

Mr. THOMAS. The record that I have here in front of me from the Civil Service Commission shows that for the month of October 1949 that your turn-over was 4.9, which is pretty low.

Would that figure hold true on an annual basis?

Mr. GANT. That probably is an average monthly rate for a year, is that not so?

Mr. THOMAS. This report indicates that that is 4.8.

Mr. PHILLIPS. What is the average for all of them?

Mr. THOMAS. It does not give that. This report is a little bit confusing. It could indicate that is on a monthly basis, and, therefore, it could be around 50 percent, which is certainly out of line.

What is your estimate, Mr. Gant?

Mr. GANT. A statement will be inserted.

(The matter referred to is as follows:)

The following tables show the average monthly turn-over rates for the several classes of employees for fiscal year 1949 and the first 6 months of fiscal year 1950:

	Trades and labor employees		Salary policy, annual employees	All employees
	Hourly	Annual		
Fiscal year 1949.....	13.2	1.6	1.4	5.6
Fiscal year 1950 to Dec. 31, 1949.....	8.5	1.3	1.0	3.8

These data for average monthly turn-over for all employees include hourly construction employees (trades and labor—hourly). The turn-over rates for salary policy annual employees, which correspond to the usual permanent employees in the Government service generally, are 1.4 percent per month for fiscal year 1949 and 1 percent per month for the first 6 months of fiscal year 1950.

Mr. GORE. Mr. Reporter, that will close the hearings on the supplemental estimates.

TUESDAY, JANUARY 31, 1950.

WELFARE OF INDIANS

WITNESS

HON. HAROLD C. HAGEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. KIRWAN. We will have a statement from Congressman Hagen of Minnesota.

Mr. HAGEN. Gentlemen, the weather on Indian reservations in the Ninth Minnesota District, which I represent, has been very severe this winter. Some recent days have been from 25° to 40° below zero. Considerable snow also has fallen so far this winter.

As a result the Indians are out of fuel and have little food. Their situation not only is serious, it is critical. They need heavy clothing to combat the elements.

I also have reports that the condition of Indians in Wisconsin, South Dakota, and other States also is critical.

In a sense the Nation is responsible for the welfare of these people.

The white man has the choice lands they formerly roamed over and, except in the oil country, generally they have been shunted to unproductive areas to shift for themselves as best they can.

I earnestly urge this committee to approve \$800,000 to be immediately available for distressed and needy Indians over the Nation. In this age, when we are sending billions of dollars to all parts of the world, it would be most unfair that thousands of our own people should be left to starve and freeze.

This money is needed now—this week—immediately. There is no time to lose if we are to be human and merciful to our Indians.

I am satisfied you will act favorably on this request for funds.

Mr. KIRWAN. We are glad to have the statement. The Committee will give the matter careful consideration.

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O

URGENT DEFICIENCY APPROPRIATION BILL, 1950

FEBRUARY 8, 1950.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. CANNON, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 7207]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

The estimates upon which the bill is based are contained in House Document No. 456.

The estimates total \$813,168,000 of direct appropriation and \$87,650,000 of contract authorization against which the committee recommends appropriations of \$732,485,500 and contract authorizations of \$78,885,000. The reduction in direct appropriations is \$80,682,500, and the reduction in contract authorization is \$8,765,000.

INDEPENDENT OFFICES

ATOMIC ENERGY COMMISSION

The bill contains an authorization for the Atomic Energy Commission to enter into contracts to the extent of \$78,885,000 in excess of the present contract authorization of \$387,189,628 contained in the Independent Offices Appropriation Act for the fiscal year 1950. The increase recommended is a reduction of \$8,765,000 in the supple-

mental estimate which proposed to increase the contract authorization by \$87,650,000. Appropriations and contract authorization in excess of \$1,000,000,000 have been heretofore provided the Commission for the current fiscal year, so there is no possibility that the reduction recommended will prevent the expanded program from moving forward expeditiously due to lack of funds or authorization.

The increase in contract authorization will enable the Commission to finance construction heretofore initiated of additional facilities for the increased production of fissionable materials to meet production goals approved by the President. The increased authorization will also permit the acceleration of projects connected with the reactor development program and for a few additional minor projects. It is estimated that the expanded program will require \$188,594,000 for obligation in the fiscal year 1950. Savings and adjustments in the Commission's original 1950 program will provide a total in excess of \$100,000,000, which, together with the contract authorization recommended by the committee, will meet the expanded program requirements for the fiscal year 1950.

TENNESSEE VALLEY AUTHORITY

The committee has approved a total of \$11,682,500 for the Tennessee Valley Authority, which is a reduction of \$682,500 in the supplemental estimate of \$12,365,000. A request for \$7,000,000 to begin construction immediately of transmission lines and power-generating facilities to enable the Authority to provide large quantities of additional power needed for the operation of an expanded atomic energy facility at Oak Ridge has been approved by the committee.

The sum of \$4,500,000 is provided for continuation of construction of the regular 1950 TVA construction program which is a reduction of \$500,000 in the supplemental request of \$5,000,000. The increase requested in the estimate will provide a major portion of funds eliminated by the Congress in connection with the regular 1950 appropriation act in anticipation of a general decline in construction costs. The decline in prices has not materialized to any considerable degree and the sum of \$4,500,000 has been allowed to meet the most essential needs of TVA in carrying forward its 1950 construction program.

The bill contains \$182,500 of a supplemental request for \$365,000 for pay increases from appropriated funds and the committee has approved an increase in the ceiling on administrative expenses, required primarily for the cost of pay increases to be financed from corporate funds.

VETERANS' ADMINISTRATION

The committee considered a supplemental estimate of \$800,000,000 to provide additional funds for readjustment benefits to veterans during the remainder of the current year, as authorized under the Servicemen's Readjustment Act. The need for a major portion of the proposed amount is due primarily to the increase in enrollment of veterans in trade and vocational schools and other training below the college level. The original estimate for veterans in this type of training contained in the 1950 budget, was for 475,000 trainees while the number enrolled as of November 30, 1949, was 862,000 with the number still

rising. On an over-all basis, the original 1950 budget for education and training provided benefits for a total of 1,575,000 trainees, whereas the present estimate provides for an average of more than 2,000,000 trainees. In connection with the loan guaranty portion of the estimate the committee was advised that the original 1950 budget estimate contemplated the closing of 293,000 loans, whereas the revised estimate anticipates the closing of 389,000. The remainder of the estimate provides for readjustment allowances for which the original 1950 budget estimate provided for a total of 3,237,000 unemployment claims and 141,600 self-employment claims. The supplemental estimate, based on the past 6 months' experience, provides for 6,812,000 unemployment claims and 198,000 self-employment claims. Based on the current rate of obligation the Veterans' Administration will not have sufficient funds in the existing appropriation to meet all requirements through the end of March.

The committee has recommended a supplemental amount of \$720,000,000. In effecting a reduction of \$80,000,000 in the estimate of \$800,000,000 the committee has taken into consideration the fact that the present estimate can vary as much as 10 percent. Payments to veterans under the Servicemen's Readjustment Act are fixed by law and sufficient funds to meet obligations will be provided when the need therefor is demonstrated.

DEPARTMENT OF THE INTERIOR

WELFARE OF INDIANS

The budget for 1950 requested \$604,000 for welfare of Indians. The appropriation enacted amounted to \$900,000 for 1950, the increase over the budget request being to provide for additional public-assistance payments. Notwithstanding this history, the Indian Bureau now finds itself drastically short of funds and a supplemental estimate of \$803,000 has been presented. Review by the committee reveals an urgent need for the supplemental request, and its approval is recommended. The Secretary of the Interior should insist that the Bureau of Indian Affairs so manage its affairs as to avoid recurrence of such negligent budgetary planning.

URGENT DEFICIENCY APPROPRIATION BILL, 1950

Comparative statement of the amounts of the budget estimates and of the amounts recommended to be appropriated by the bill

H. Doc. No.	Department or agency	Amount of budget estimate	Amount recommended in the bill	Increase (+) or decrease (-), bill compared with budget estimate
	INDEPENDENT OFFICES			
456	Atomic Energy Commission-----	¹ \$87, 650, 000	² \$78, 885, 000	—\$8, 765, 000
456	Tennessee Valley Authority-----	³ 12, 365, 000	³ 11, 682, 500	—682, 500
456	Veterans' Administration: Readjustment benefits-----	800, 000, 000	720, 000, 000	—80, 000, 000
	DEPARTMENT OF THE INTERIOR			
456	Bureau of Indian Affairs: Welfare of Indians-----	803, 000	803, 000	-----
	Total-----	813, 168, 000	732, 485, 500	—80, 682, 500

¹ Increase in contract authorization from \$387,189,628 to \$474,839,628.

² Increase in contract authorization from \$387,189,628 to \$466,074,628.

³ In addition limitation on administrative and general expenses increased from \$3,699,000 to \$3,845,000.

○

Union Calendar No. 647

81ST CONGRESS
2^D SESSION

H. R. 7207

[Report No. 1614]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 1950

Mr. CANNON, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That the following sums are appropriated, out of any money
- 4 in the Treasury not otherwise appropriated, to supply supple-
- 5 mental appropriations for the fiscal year ending June 30,
- 6 1950, and for other purposes, namely:

J. 61689

1 INDEPENDENT OFFICES

2 ATOMIC ENERGY COMMISSION

3 The authorization under this head in the Independent
4 Offices Appropriation Act, 1950, to enter into contracts for
5 the purposes of the appropriation therein made, is increased
6 from "\$387,189,628" to "\$466,074,628".

7 TENNESSEE VALLEY AUTHORITY

8 For an additional amount for "Tennessee Valley Au-
9 thority", \$11,682,500, to remain available until expended;
10 and the limitation under this head in title II of the Inde-
11 pendent Offices Appropriation Act, 1950, on the amount
12 available for administrative and general expenses of the
13 Corporation, is increased from "\$3,699,000" to "\$3,845,-
14 000".

15 VETERANS' ADMINISTRATION

16 READJUSTMENT BENEFITS

17 For an additional amount for "Readjustment benefits",
18 \$720,000,000, to remain available until expended.

19 DEPARTMENT OF THE INTERIOR

20 BUREAU OF INDIAN AFFAIRS

21 WELFARE OF INDIANS

22 For an additional amount for "Welfare of Indians",
23 \$803,000.

24 SEC. 2. No part of any appropriation contained in this
25 Act, or of the funds available for expenditure by any cor-

1 poration included in this Act, shall be used to pay the salary
2 or wages of any person who engages in a strike against the
3 Government of the United States or who is a member of an
4 organization of Government employees that asserts the right
5 to strike against the Government of the United States, or who
6 advocates, or is a member of an organization that advocates,
7 the overthrow of the Government of the United States by
8 force or violence: *Provided*, That for the purposes hereof an
9 affidavit shall be considered prima facie evidence that the per-
10 son making the affidavit has not contrary to the provisions of
11 this section engaged in a strike against the Government of the
12 United States, is not a member of an organization of Govern-
13 ment employees that asserts the right to strike against the
14 Government of the United States, or that such person does
15 not advocate, and is not a member of an organization that
16 advocates, the overthrow of the Government of the United
17 States by force or violence: *Provided further*, That any
18 person who engages in a strike against the Government of
19 the United States or who is a member of an organization
20 of Government employees that asserts the right to strike
21 against the Government of the United States, or who advo-
22 cates, or who is a member of an organization that advocates,
23 the overthrow of the Government of the United States by
24 force or violence and accepts employment the salary or
25 wages for which are paid from any appropriation or fund

1 contained in this Act shall be guilty of a felony and, upon
2 conviction, shall be fined not more than \$1,000 or im-
3 prisoned for not more than one year, or both: *Provided*
4 *further*, That the above penalty clause shall be in addition
5 to, and not in substitution for, any other provisions of
6 existing law.

7 SEC. 3. This Act may be cited as the "Urgent De-
8 ficiency Appropriation Act, 1950".

81ST CONGRESS
2d Session

H. R. 7207

[Report No. 1614]

A BILL

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

By Mr. CANNON

FEBRUARY 8, 1950

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. McDonough for, with Mr. Arends against.

Mr. Gilmer for, with Mr. Williams against.
Mr. Brown of Georgia for, with Mr. Sadowski against.

Mr. Bates for, with Mr. White of Idaho against.

Mr. Sabath for, with Mr. Reed of Illinois against.

Mr. Kirwan for, with Mr. McGregor against.
Mr. Vorys for, with Mr. Jennings against.

Mr. Nixon for, with Mr. Kearns against.
Mr. Sanborn for, with Mr. Short against.

Mr. Allen of California for, with Mr. Graham against.

Mrs. Bolton of Ohio for, with Mr. Smith of Ohio against.

Mrs. Woodhouse for, with Mr. Rees against.
Mr. William L. Pfeiffer for, with Mr. Lichtenwalter against.

Mr. Leonard W. Hall for, with Mr. Golden against.

Mr. Coudert for, with Mr. Van Zandt against.

Mr. Gwinn for, with Mr. Potter against.
Mr. Staggers for, with Mr. Macy against.

Until further notice:

Mr. Kelley of Pennsylvania with Mr. Wadsworth.

Mr. Camp with Mr. Hill.
Mr. Granger with Mr. Dolliver.

Mr. Patman with Mr. Barrett of Wyoming.
Mr. Smathers with Mr. Patterson.

Mr. Smith of Virginia with Mrs. St. George.
Mr. Bland with Mr. Werdel.

Mr. Allen of Louisiana with Mr. Kearney.
Mr. Bulwinkle with Mr. Wilson of Indiana.

The result of the vote was announced as above recorded.

The title was amended so as to read: "An act to provide economic assistance to certain areas of the Far East."

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 2681. An act to authorize the attendance of the United States Marine Band at a celebration commemorating the one hundred and seventy-fifth anniversary of the Battle of Lexington to be held at Lexington, Mass., April 16 through 19, inclusive, 1950.

CORRECTION OF ROLL CALL

Mr. GREEN. Mr. Speaker, on roll call No. 40, I am not shown as having voted. I was present and voted "nay." I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CORRECTION OF RECORD

Mr. FULTON. Mr. Speaker, I ask unanimous consent that the RECORD, at page 1598, line 25, be corrected to read, in my remarks:

I did not know the gentleman was on our side of the question.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

EXTENSION OF REMARKS

Mr. RANKIN asked and was given permission to extend his remarks in the RECORD and include some statistics.

Mr. BOYKIN asked and was given permission to extend his remarks in the RECORD in two instances and include two statements.

Mr. SABATH (at the request of Mr. O'HARA of Illinois) was given permission to extend his remarks in the RECORD and include a resolution passed by the City Council of Chicago.

Mr. BLATNIK (at the request of Mr. WAGNER) was given permission to extend his remarks in the RECORD.

Mr. CHATHAM asked and was given permission to extend his remarks in the RECORD and include an editorial from today's Washington Post.

Mr. HILL and Mrs. ST. GEORGE (at the request of Mr. SADLAK) were given permission to extend their remarks in the RECORD and include a letter and an editorial.

Mr. WHITE of California asked and was given permission to revise and extend his remarks.

Mr. DOYLE asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous matter.

Mr. HUGH D. SCOTT, JR. (at the request of Mr. HESELTON) was given permission to revise and extend the remarks he made in consideration of the bill to adjust postal rates.

Mr. HESELTON asked and was given permission to revise and extend the remarks he made in Committee of the Whole on the bill to adjust postal rates.

Mr. KEOGH (at the request of Mr. WILSON of Oklahoma) was given permission to extend his remarks in the RECORD.

Mr. WILSON of Oklahoma asked and was granted permission to extend his remarks in the RECORD at this point.

Mr. WILSON of Oklahoma. Mr. Speaker, I wish to place in the RECORD the reason why I failed to respond to the roll call had earlier today on the motion to recommit H. R. 2945. I had previously made an appointment with the President of the United States for 11:15 this morning. When it was announced yesterday evening that the House would meet today at 11 it was then too late for me to cancel my appointment with the President. After my interview I hastened back here to the floor but too late to vote on the motion to recommit. Had I have been present in person I would have voted "No" on the motion.

Both matters discussed with the President I consider to be of vital importance to my district. One relates to the certification of the permanency of Vance Air Force Base at Enid, Okla., and the other to Optima Dam and Reservoir project in Texas County, Okla.

CORRECTION OF ROLL CALL

Mr. KEATING. Mr. Speaker, on roll call No. 39 I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

Mr. NIXON (at the request of Mr. KEATING) was given permission to extend his remarks in the Appendix of the RECORD in seven places and to include extraneous matter.

Mr. GWINN (at the request of Mr. KEATING) was given permission to extend his remarks in the RECORD and include a news article.

Mr. KEATING asked and was given permission to revise and extend his remarks in the RECORD.

Mr. HAND. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD at the point immediately following the vote on the postal rate increase bill.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. DURHAM asked and was given permission to extend his remarks in the RECORD and include a sermon.

Mr. HOLIFIELD asked and was given permission to extend his remarks in the RECORD and include extraneous matter.

Mr. WOODRUFF asked and was given permission to extend his remarks in the RECORD in two instances, in one to include an editorial and in the other a newspaper article.

Mr. CASE of South Dakota asked and was given permission to extend his remarks in the Appendix of the RECORD and include two letters dealing with the subject of Indian housing.

Mr. SHELLEY asked and was given permission to extend his remarks in the RECORD on the subject, Democracy in Northern Ireland.

Mr. HAGEN asked and was given permission to extend his remarks in the RECORD and include an article from the Washington News.

GENERAL LEAVE TO EXTEND REMARKS

Mr. KEE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

URGENT DEFICIENCY APPROPRIATION BILL

Mr. CANNON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes. Pending that motion, Mr. Speaker, I would like to inquire of the gentleman from New York [Mr. TABER] if we can agree on 30 minutes for general debate.

Mr. TABER. Mr. Speaker, I think 30 minutes will be sufficient time, 15 minutes on each side.

Mr. CANNON. Mr. Speaker, pending the motion, I ask unanimous consent that general debate be limited to 30 minutes, one-half to be controlled by the gentleman from New York [Mr. TABER] and one-half by myself.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Missouri.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 7207, with Mr. MANSFIELD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from Missouri [Mr. CANNON] is recognized for 15 minutes.

Mr. CANNON. Mr. Chairman, the bill before us is a composite bill, made up of items reported by the subcommittees on independent offices and Department of the Interior. The bill includes items only of extreme urgency, and are brought before the House in response to legislation recently enacted, or under circumstances which could not have been anticipated or foreseen.

There will be a later deficiency bill which will incorporate the usual deficiencies incurred by the various departments. But, beginning with the next Congress, when the omnibus bill shall have become operative, we trust it will be unnecessary to report any further deficiency bills, except for items occasioned by emergencies which cannot be foreseen at the time the omnibus bill is passed.

Unfortunately, there have been instances in the past, when departments protested against cuts in their budgets, for someone to offer comfort and consolation by assuring them that Congress would be in session if any deficiency developed and they could come back.

Of course the department representatives left the Capitol with shining faces and proceeded to spend what they deemed essential to their program, and then confidently presented themselves at the appointed time with a deficiency estimate, and as a result the executive branch of the Government determined the rates and conditions of expenditure rather than the legislative branch which under the Constitution should control the purse strings. Or agencies denied funds by the subcommittee having jurisdiction of their expenditures would bypass the subcommittee and apply to the deficiency subcommittee or other subcommittee which would grant additional funds in some subsequent bill.

Under the omnibus bill such strategy is eliminated and each agency or bureau is provided for in one place in the one bill and under the jurisdiction of the one subcommittee. And every agency and bureau will be required to live within its appropriation under pain of penalties prescribed by the Antideficiency Act and without hope or benefit of deficiency or supplemental appropriations.

The bill before us contains four items. Two of them for the purpose of expediting construction under the Atomic Energy Commission and TVA are made necessary by the fact that Congress has

recently authorized expansion and increased expedition in the production of fissionable material. The third item is for the Veterans' Bureau and provides additional funds for readjustment benefits to veterans, that appropriation having been unexpectedly exhausted sooner than anticipated. The remaining item provides additional funds for the Indian Bureau to take care of emergencies.

Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. THOMAS], chairman of the committee which has jurisdiction of appropriations for Atomic Energy, TVA, and the Veterans' Bureau.

Mr. THOMAS. Mr. Chairman, I believe the chairman of the full committee has already amply explained these items. I do not want to delay the House. I therefore yield back my time.

The CHAIRMAN. The gentleman from Texas yields back 4 minutes.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield.

Mr. JONES of Alabama. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. JONES of Alabama. Mr. Chairman, the Widow's Creek steam plant which TVA proposes to build in Jackson County, Ala., about 29 miles from the city of Chattanooga, will have an initial installation of two turbogenerators, each with a rated capacity of 112,500 kilowatts, but capable of producing 125,000 kilowatts. The new plant is urgently required in order that the plants of the Atomic Energy Commission at Oak Ridge may be assured of the power needed for their expanded operations. If the appropriation is speedily granted, TVA expects to have this new steam plant operating during the summer of 1952.

TVA is also requesting funds to add a fourth unit to the Johnsonville steam plant now under construction in the western part of the TVA power system. This proposed fourth unit at the Johnsonville plant, together with the first units to be installed at the Widow's Creek plant, are added to the TVA system at this time to permit it to take on the new requirements of the Oak Ridge plant.

At the same time funds are requested to restore a part of last session's reduction in TVA's appropriation request for this fiscal year in order that its entire construction program may keep on schedule. It would be a calamity if a single unit being placed in an existing dam were delayed, if the Holston Dam now under construction were slowed up so that it could not be closed to catch next winter's rains, or if the steam plant already under construction at Johnsonville did not bring power in on schedule.

Power requirements are increasing in the TVA area with a vigor rarely seen in any region of our country. The number of power users in the Tennessee Valley has increased to more than a million. The average residential customer uses 2,796 kilowatt-hours a year in the Tennessee Valley, compared with 1,655 for the average user in the Nation. Not only

is residential use of electricity doubling every 4 or 5 years within the TVA area; use of power in commerce and industry is following a similar trend though not quite as steep. And most rapid of all has been the growth of farm use of electricity. Last year power lines were being strung to as many additional farms every 2 or 3 months as the total number of farms in this region served in all the years before TVA.

In planning its future power requirements, TVA must take into consideration not alone these important factors—that is, the growth of power loads of residential, commercial, and industrial customers—but also must be certain to provide ample power to take care of national defense needs. These are very important in the Tennessee Valley. TVA already is supplying large amounts of power to Oak Ridge and additional large blocks are going to be needed. TVA, too, is going to be called upon to supply a great deal of power to the new Air Force center near Tullahoma.

Mr. CANNON. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. NORRELL], chairman of the Subcommittee on Interior Department Appropriations, the committee which has jurisdiction of appropriations for Indian affairs.

Mr. NORRELL. Mr. Chairman, like the gentleman from Texas, I do not care to consume the time of the House or the Committee unless it is necessary.

This budget request came to my subcommittee for \$803,000 for relief for all of the Indians of the Nation with the exception of the Navajo and Hopi Tribes. They have their own individual and separate claim.

The increase here is needed because of two things: One, the case load has grown heavier; two, grasshopper devastation and the hard winter, these things having deprived them of their crops and their work. The committee thinks the appropriation should be granted, and we recommend its passage.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. NORRELL. I yield.

Mr. MANSFIELD. I wish to thank the committee for its fine action in approving the supplemental appropriation of \$803,000 for the welfare of the Indians. As the gentleman and the other members of his committee know, the Governor of Montana had declared an emergency for the northern part of our State. Many of our Indians are suffering. We hope this supplemental appropriation will be approved promptly so that it may be used to take care of some of their needs.

Mr. NORRELL. I thank the gentleman. Let me remind the membership that the Indians are wards of the Nation and we cannot permit them to starve.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. NORRELL. I yield.

Mr. AUGUST H. ANDRESEN. I would like to ask the gentleman whether any of this money to be appropriated for relief is to be used for the acquisition of food?

Mr. NORRELL. Yes.

Mr. AUGUST H. ANDRESEN. Would there be any reason why the Committee could not accept an amendment to the bill that the money should be used to acquire surplus foods that are already in the possession of the Government?

Mr. NORRELL. I would not think the Committee would want to do that. They will take the money and buy the food they need. Certainly they should be sensible in trying to carry out the overall program of the Nation.

Mr. AUGUST H. ANDRESEN. I may say to the gentleman that if we could use the food that the Government already owns it might be transferred to the Indians and we would save that much money.

Mr. NORRELL. I think that might be done, but I would not want to limit it in that respect because somebody else might want to limit it in some other respect. I do not have an Indian in my district. It is a lot better, in my opinion, to make the lump-sum appropriation, then let those in charge of the service be guided by sensible procedure. I have an idea it will be done somewhat along the lines the gentleman has in mind.

Mr. AUGUST H. ANDRESEN. I would like to suggest for the RECORD that the Indian Bureau adopt some policy so that it will not be necessary to waste the money as long as the money has already been paid for the food.

Mr. NORRELL. May I say that I would not defend the Indian Bureau in pursuing any other policy than somewhat like the gentleman has suggested.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. NORRELL. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I think reference to the hearings will disclose that particular suggestion was discussed when this item was before the subcommittee. It was discussed by Mr. Nichols of the Indian Bureau and myself. Mr. Nichols said that \$88,000 had been subtracted from the budget of last year in anticipation of getting surplus food. They have been able to make only a limited use of this source of food because of the necessity of paying the transportation expenses. It was indicated that a portion of this money could be used for the payment of transportation, and under those circumstances they could use some of these surplus commodities.

Mr. NORRELL. I thank the gentleman.

Mr. TABER. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, the items contained in this bill are deficiencies that probably cannot be avoided at this time. We must provide the money. The committee has made some cuts where it was able to do so. Probably there is no controversy, so far as I know, with reference to the bill.

There are some things in connection with it that we should call attention to, and they are rather important insofar as the general economy of the country is concerned. This Congress has provided for veterans the opportunity for training. I want to read an item that appears on page 27 of the hearings where

an investigation was made with reference to the results of this educational and training program. Mr. Sterling furnished this information, and he was representing the Veterans' Administration:

As of the end of July 1949, 2,592,500 veterans had been enrolled in courses in schools below college level under the Servicemen's Readjustment Act. It is estimated that 500,000 of these veterans or 19.3 percent had pursued their courses to completion.

That is a terribly disappointing picture and indicates that the right requirements are not being made of those who go in, nor are they required to do the things that they should do with all the enormous sum that is being expended upon them by the Government. The total figure for this year will run to \$2,754,000,000.

An investigation of some of these schools indicated an attendance of only 31 percent, although they were putting in bills for 100-percent attendance, again indicating that the proper check on this operation was not being made. I feel that in the interest of the Government and in the interest of the veterans these things should be straightened out. I think the committee is entitled to a great deal of credit for its consideration of this matter and bringing these things out.

Mr. Chairman, I now yield 5 minutes to the gentleman from South Dakota [Mr. CASE], the ranking minority member of the Independent Offices Subcommittee, which committee heard most of these items.

Mr. CASE of South Dakota. Mr. Chairman, as the gentleman from New York has said, the committee was somewhat disturbed by the evidence that is developing as to abuse of readjustment benefits provided to the Veterans' Administration. The abuse, so far as we could determine, is not in the Veterans' Administration. The abuse exists on the part of some fly-by-night schools where GI's have been induced to enroll with the suggestion that they would be ahead the subsistence allowance and the school would get the tuition payments. There has been no adequate check-up and no adequate guaranty that the schooling has actually been provided. Absences in some of these Johnny-come-lately schools have come to very high figures. In the hearings on the regular bill for fiscal 1951 there will be more evidence than shown in the hearings there. It is possible the committee may suggest some procedure whereby the Government will receive a certificate or some other assurance that the schooling it is paying for is actually being received.

The other two items that were considered by the Independent Offices Subcommittee deal with the Atomic Energy Commission and the Tennessee Valley Authority. Both of these are well covered, I think, in the report of the committee. They are part of the urgent program to achieve production goals asked for by the responsible heads of the Government.

Last fall before Congress adjourned, representatives of the Atomic Energy

Commission and the Tennessee Valley Authority appeared before the committee and said that in view of the new production goals that they would like to use some of the funds which had been previously appropriated for fiscal 1950 to start some of this work, although realizing that we could not at that time make a new appropriation. It was understood that they might go ahead with their plans so that this work could be prosecuted as rapidly as possible, and we would consider the money need shortly after the new session opened, which has been done. One of these calls for considerable expansion in hydroelectric capacity and some steam generation for the Tennessee Valley Authority. Before we assented to this expansion, it was suggested that the TVA people canvass the Army engineers and other agencies of the Government to see whether or not power might be available through plants now under construction or from sources where power was already available.

The testimony as shown in the hearing on this urgent deficiency bill will show that the TVA people did make some study along that line, and while it was indicated that some temporary power might be found, it was of a temporary character. Consequently the committee did approve the funds requested in the amount shown of \$11,682,000 to permit the program to go forward as indicated. There was no controversy over the purpose. It was simply a question as to whether or not we might save some of the money by using power that would be otherwise available. We did not find it in a permanent form, so consequently the committee reported the item in the amount as shown.

Mr. HAGEN. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Minnesota.

Mr. HAGEN. In the case of the welfare fund for Indian relief, will any part of this money be available for the payment of freight charges on relief shipments that might be sent to them on the reservations?

Mr. CASE of South Dakota. It will be. In the consideration of a supplemental bill a few years ago the Appropriations Committee accepted an amendment which authorized, as far as the legal right is concerned, the use of welfare funds for the payment of transportation charges when surplus commodities are used. The hearings on this particular item, as shown in the testimony before the Appropriations Subcommittee for the Interior Department, contemplated that a part of this money would be used for that purpose. In fact, that was part of the showing of the need, that it was necessary to have some money to pay transportation expenses if the surplus commodities were to be used to the fullest extent possible.

Mr. TABER. Mr. Chairman, I yield 3 minutes to the gentleman from Montana [Mr. D'EWART].

Mr. D'EWART. Mr. Chairman, I rise in support of the item in the bill of \$803,000 for the welfare of the Indians.

I know of the need for this money for the remainder of the year.

In my own State, in eastern Montana, we have had a severe drought that has seriously affected the welfare of these Indians. In addition, the grasshoppers came in, as they do in those cases. This winter we have had a very, very severe winter. On one of the reservations in the month of January the temperature averaged 27.8 below zero for the whole month, and 50 below was registered several times during the month. The result is that these Indians are suffering from want of food and want of fuel. The need for this appropriation, I can assure you, is very great.

With the supplies the Indian Bureau has advanced up to date we have been able to take care of the immediate welfare of these Indians, but these funds will run out by the first of March. This additional money is needed if we are to take care of the situation that has developed due, first, to the drought and, second, to the very severe weather.

I would say to my friend from Minnesota that we have made use of these surplus commodities. They have shipped several carloads into this area for use in this emergency. There are difficulties in connection with shipping potatoes, because of lack of storage at temperatures such as 50 below zero. It is difficult to handle some of these commodities. Others, such as dried eggs, can be handled.

We have had some difficulty because of the snow conditions, the difficulty of opening roads and getting food to these people, but I think we have solved some of those difficulties. With this additional money, I think we can take care of the situation that has developed and bring these Indians through this one winter season. I am hoping that as time goes on we can find a solution for this problem so it will not be recurrent, but it is with us this winter. We have had to grant them some additional aid, but I think we will have to have some more for the rest of the winter. However, this item should take care of it. I appreciate the committee's including this item of \$800,000 in this legislation.

(Mr. D'EWART asked and was given permission to revise and extend his remarks.)

Mr. CANNON. Mr. Chairman, I yield 3 minutes to the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, I have just come back from home. When we passed this foreign-aid bill here today, I was reminded that we also have problems close at home.

We live on the Red River. When I left there the Red River was cresting at flood level. The other rivers in the lower Mississippi River Valley are high. The Mississippi River, for instance, is reaching a very high level, so high, in fact, that I am informed there has been fear expressed that the strain on the levee system may be too great.

As a result of this act, Mr. Chairman, I was today informed that the Army engineers intend tomorrow afternoon to open up what is known as the Bonne Carre Spillway, immediately north of

New Orleans. That is one of the safety valves for the lower Mississippi system. When it is opened up, it will permit the flood waters from the Mississippi to flow directly into Lake Pontchartrain, and thereby reach the Gulf of Mexico by a shorter route. I am glad to report that thus far the flood control system built by the engineers is holding up all along the line. But we who live in the lower valley realize that the flood waters are high and we appreciate the fact that Congress is making a genuine effort to push speedily the work of completely protecting the lower valley from future floods.

I might say that this spillway has been used only twice in the past since its construction. This will be the third time and tomorrow when the levees on the east bank of the Mississippi open the waters of the Mississippi will roar across the land into Lake Pontchartrain and into the Gulf.

Mr. Chairman, in the Red River Valley we see progress being made in the control of our flood waters which come down into Louisiana from Arkansas, Texas, and Oklahoma. We, of course, are happy to realize that substantial progress is being made in making the valley safe. But this progress is not fast enough. I am told that at that rate of progress, the Red River Valley will not be completely safe from project floods for some 20 years. This is a long time; and we who live behind the levees feel that in a real sense we are tempting providence when we stage our work on the hope that the angry waters of the upper reaches will be held up until that distant date when our flood projects shall have been completed in accordance with the measured progress of a methodical Congress.

The Clerk read as follows:

TENNESSEE VALLEY AUTHORITY

For an additional amount for "Tennessee Valley Authority," \$11,682,500, to remain available until expended; and the limitation under this head in title II of the Independent Offices Appropriation Act, 1950, on the amount available for administrative and general expenses of the Corporation, is increased from "\$3,699,000" to "\$3,845,000."

Mr. MURRAY of Wisconsin. Mr. Chairman, I move to strike out the last word.

(Mr. MURRAY of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. MURRAY of Wisconsin. Mr. Chairman, I do not like to take this time at this late hour, but there is something involved in this bill which presents a very serious situation so far as the whole American economy is concerned. I wish to take these few moments to review a little in connection with this surplus food situation. It may be all right for us—our salaries are going right along. Everything is going along fine. The stock market is going along and the women are still buying their mink coats and we are going to have a \$3,000,000 Roman holiday here in Washington in a few months. Meanwhile the fact is that our agricultural economy in many places is deteriorating. For example, at the present hour in many places in the Midwest eggs are selling for the lowest per-

centage of parity that they have ever sold for to my knowledge. It is 39 percent of parity.

Mr. WHITE of California. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. In just a moment.

Mr. WHITE of California. Mr. Chairman, I make the point of order that the gentleman is not discussing the bill and he did not ask for unanimous consent to proceed out of order.

Mr. MURRAY of Wisconsin. Mr. Chairman, the gentleman from California is too hasty because I am talking on this bill and the things that I am talking about are leading up to this question of food for the Indians which has to do with this particular bill.

The CHAIRMAN. The matter under consideration at the moment happens to be the Tennessee Valley Authority.

Mr. MURRAY of Wisconsin. Mr. Chairman, that may be true, but I moved to strike out the last word. I am talking in connection with this bill. In this bill we have surplus foods for the Indians.

The CHAIRMAN. The gentleman should discuss that matter which is pending at the present time. The part of the bill to which he refers has not been reached yet.

Mr. MURRAY of Wisconsin. Mr. Chairman, I do not want to get too technical. I move that the House adjourn. We do not have a quorum. I do not like to do that, but in the 11 years that I have been here, this is the first time that anything like this has ever happened and I get kind of tired sometimes of some of the things that are going on around here.

Mr. WHITE of California. Mr. Chairman, could I withhold that point of order just briefly to say to the gentleman from Wisconsin that this morning I started to speak out of order on an issue in response to the gentleman from Pennsylvania [Mr. HUGH D. SCOTT, JR.] on the very same type of discussion, and I was taken off my feet by somebody on the left.

I am not going to be as bad as they were. I am going to withdraw my point of order.

Mr. MURRAY of Wisconsin. I am glad the gentleman has heard of the Golden Rule. Just because somebody does somebody to you is no reason why you should want to do it to somebody else.

As I said, we are in a serious situation. We have surplus agricultural products selling as low as 39 percent of parity. We have many kinks in the law that should be straightened out. Last week we read that the CCC could not get rid of this surplus food unless somebody else paid the freight. Since December our colleague the Honorable GLEN BEALL, of Maryland, and I have been trying to get a hearing before the Committee on Agriculture to get some of these things straightened out. I would like to know why it is that we can pay the freight on these agricultural products for animal feeding, as we have been doing for the last year or more, and yet cannot do it when they are for human use.

We are all going to be criticized, and justly so, if we sit here and let any of these foods go to waste. This is especially

true with the situation being the way it is in the United States at the present time. Unemployment is increasing, farm income and purchasing power is decreasing. So far as I am concerned, I do not want to accept any of the responsibility of not doing this job the way the Congress intended for us to do it when they passed the law. If anyone wants to take the responsibility of ruining the American farmer and his economy, that is a responsibility he will have to assume. This Indian food is just one angle of it. There is no reason in the world why we should not get these departments acquainted with one another so that they can work for the common good, not only for the rural people but for the whole country, and for this entire support program.

They have got the potato business pretty well worn out and now they are going into the egg business. Yet the other day we passed a little cotton bill which, if it becomes law, will cost more money than the egg program has cost in 9 years. Still you have not heard any commentators or newspapers worrying about that \$100,000,000 or \$200,000,000. Poultry is 10 percent of the national farm income, and the cotton which we need in the United States is not over 5 percent of the farm income. So that if we are interested in saving not only the rural people, but if we are interested in human beings and in the economy of this country, we should coordinate these forces, and we will be furnishing this food, according to law, to the Indians and to these other groups, as provided by law.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. MURRAY] has expired.

Mr. CANNON. Mr. Chairman, I ask unanimous consent that the bill be considered as read.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House, without amendment, with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MANSFIELD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes, directed him to report the same back to the House, without amendment, with the recommendation that the bill do pass.

Mr. CANNON. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

CORRECTION OF ROLL CALL

Mr. WALTER. Mr. Speaker, on roll call No. 42, I was recorded as not voting. I was present and voted "yea." I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. WALTER]?

There was no objection.

POLICY REGARDING FORMOSA

Mr. KEE. Mr. Speaker, by direction of the Committee on Foreign Affairs, I present a privileged resolution (H. Res. 452) and ask for its immediate consideration.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Resolved, That the President be and is requested, if not incompatible with the public interest, to furnish this House within 15 days after the adoption of this resolution with full and complete answers to the following questions, namely:

1. With respect to the President's statement of January 5, 1950, on policy regarding Formosa—

a. Were the views of the Secretary of Defense solicited in the formulation of the policy enunciated therein?

b. Were the above views and the views of the Joint Chiefs of Staff and of Gen. Douglas MacArthur presented to the National Security Council in its deliberations preceding the said statement?

c. Is Hainan included in the policy enunciated in said statement?

d. Have the following been considered by the Executive as alternatives to the policy enunciated in said statement:

(1) Insistence on the execution of the terms of the Cairo Declaration, which provided for the return of Formosa to the Republic of China;

(2) Consideration of Formosa as a possession of Japan to be administered by the victor powers until eventual disposition under a peace settlement with Japan; and

(3) A plebiscite in Formosa, under the auspices of the Far Eastern Commission or a special commission of the United Nations, to determine whether the inhabitants desire—

(a) to continue as a province of and the seat of government of the Republic of China;

(b) to be placed under a United Nations trusteeship; or

(c) to become an independent nation?

e. Does the Executive have information as to—

(1) Alternate sources of essential commodities such as rice and iron ore to replace Formosa and Hainan as sources of these commodities for Japan in the event of the capture of these islands by the Chinese Communists; and

(2) The factor of additional cost of the occupation of Japan to the United States in the event of the capture of Formosa and Hainan by the Chinese Communists?

f. Has any recent survey of defense resources of Formosa been made by any agency of this Government?

g. For what purposes and in what amounts has assistance been rendered to Formosa under the present Economic Cooperation Administration program, which, in the words of the statement, "the United States Government proposes to continue"? In this

connection, what steps have been taken and what sums have been spent in—

(1) The \$17,000,000 capital improvement program which was contemplated for Formosa at the time of the consideration of legislation to extend the China Aid Act in March 1949; and

(2) the land tenure reforms and similar welfare improvement measures carried out by the Provincial Government of Formosa with the advice and assistance of the Joint Commission for Rural Reconstruction?

2. With respect to the current situation in China and the Far East:

a. What are the numbers and types of vessels and craft transferred to China under the agreement of December 8, 1947? What balance remains to be transferred?

b. Have the Chinese Communist forces obtained, and are they obtaining, amphibious assault equipment from the Soviet Union or elsewhere?

c. Has the United States Government made any statement with respect to the recognition of the Communist regime by the United Kingdom?

d. Has the United States Government formulated its attitude with respect to admission of the Communist regime in China to the United Nations?

e. What areas in Asia come within the scope of the Truman Doctrine?

Mr. KEE. Mr. Speaker—

Mr. LODGE. Mr. Speaker, will the gentleman from West Virginia yield?

Mr. KEE. In just a moment.

Mr. Speaker, when this resolution was referred to the Committee on Foreign Affairs we immediately put it into proper channels in order that the various inquiries made in the resolution might be answered. We have received through the Department of State a full and complete answer to all the questions in the resolution. These answers will all be published in the report which the committee has brought in with the resolution, with the exception of two supplemental answers which it is deemed to be incompatible with the public interest to publish. But the two supplemental answers will be kept on file with the committee and be available for the information of members of the committee.

Accompanying the resolution is an adverse report by the committee.

Mr. Speaker, I now yield to the gentleman from Connecticut [Mr. LODGE], a member of the our committee and the author of the resolution, 5 minutes in which he desires to make a statement.

Mr. LODGE. Mr. Speaker, I thank the distinguished chairman of the Committee on Foreign Affairs for his courtesy. Unfortunately the State Department answers are not yet in printed form, as I understand it, therefore they are not available at this time for the Members of this body. I have, however, had a quick look at them.

The answers given by the Department of State to House Resolution 452, the privileged resolution of inquiry which I introduced on January 27, are not in all respects responsive to my questions. In other respects the answers are evasive and beyond that the answers indicate a firm adherence to the State Department's policy of lack of firmness toward the forces of Communist aggression in the Far East.

In the course of these answers the State Department takes the view that

they are bound by the Cairo Declaration with respect to Formosa. In other words, that Formosa must be treated as a part of China. Without arguing the merits of that proposition, I might point out that the Cairo Declaration also constituted a commitment on our part that Manchuria should be a part of China. Yet, at Yalta, control of the major ports and railroads of Manchuria, which means control of Manchuria, was transferred to the Soviet Union without even the knowledge, not to mention the consent, of the Chinese Government.

As an argument against taking action the State Department says that, "We must not place ourselves in the unenviable position of the U. S. S. R." Perhaps one is entitled to wonder whether in the opinion of the U. S. S. R. or the people of Asia our position in China is exactly enviable.

According to the answer \$9,000,000 has been obligated for fertilizer in Formosa. Yet the State Department in its answer objects to the use of a much smaller amount of United States funds to build up fertilizer plants in order that they can make their own fertilizer. It favors suspension of any capital-improvement program because of the precarious situation of Formosa with respect to the Communist menace. Yet, surely the position of Korea is also precarious and yet capital improvements in Korea are going on apace to the tune of millions of dollars. Furthermore, if the situation in Formosa is so precarious, then why is it said elsewhere in the answer that the anti-Communist forces on Formosa have sufficient resources to repel any likely attack? Certainly the southern Koreans do not have sufficient resources.

Elsewhere in the State Department's answer it is said that a total of 131 vessels have been transferred by the United States out of 138 on the proposed list. Yet, under Public Law 512 the President was authorized to transfer 271 vessels. What is the reason for not transferring the 140 vessels which represent the difference between 271 and 131?

It is heartening to know that the United States Government will back up the representatives of the Nationalist government of China in the United Nations. I am glad that at last this has been affirmatively stated.

But the State Department completely avoids an answer to my question: "What areas in Asia come within the scope of the Truman doctrine." And in its evasion of this answer it advances the extraordinary theory that the Truman doctrine involves, primarily, economic and financial aid. Then what of the hundreds of millions of dollars that we have spent on military aid to Greece and Turkey as a result of the Truman doctrine? And what of the military aid to the Philippines and to Korea?

It would have been more honest if the State Department had admitted that they have conducted a retreat from the Truman doctrine.

These are but a selected few of many criticisms which I could make.

And so, while I appreciate the information provided with respect to some of the questions, it is with regret that I

must note that the State Department answers to other questions in my resolution of inquiry are not satisfactory.

I think it is important that these grave questions should be clarified so that the American people should know where they stand with respect to this entire disturbing dilemma.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. LODGE. I yield to the gentleman from Illinois.

Mr. CHURCH. Will the gentleman explain the reason for our not receiving the answers to the questions before the discussion today concerning Korea and Formosa? It seems rather odd that the answers now follow but did not precede the earlier discussion today with reference to Korea and Formosa.

The SPEAKER. The time of the gentleman from Connecticut has expired.

Mr. KEE. Mr. Speaker, a few words only in reply to the gentleman from Connecticut. The resolution, together with the reply of the Department of State, was submitted to the committee, read to the committee, was passed upon by the committee, deemed satisfactory, and the committee reported out the resolution adversely.

I therefore move that the resolution be laid on the table.

Mr. CASE of South Dakota. Will the gentleman withhold that so that I may propound a parliamentary inquiry?

Mr. KEE. Yes.

Mr. CASE of South Dakota. Has a request been submitted to the House that the report of the State Department to the interrogations be put in the RECORD in connection with these deliberations?

The SPEAKER. It has not. They are contained in the report of the committee, as the Chair understands.

Mr. KEE. We reported the answers to the House.

The SPEAKER. The motion now is to lay the resolution on the table.

Mr. CASE of South Dakota. A further parliamentary inquiry, Mr. Speaker. I understood the gentleman from West Virginia to say something about a couple of answers that should not be published, but those that might be published, it seems to me, it might be appropriate and consistent with the precedents of the House if they were printed.

Mr. KEE. We have reported the answers to the House, and they will appear in the report.

Mr. CASE of South Dakota. I thank the gentleman.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. KEE. Only for a question.

Mr. CHURCH. My question is the same one that I asked a while ago of the gentleman from Connecticut [Mr. LODGE]. I do not understand, and maybe the gentleman can explain to me why House Resolution 452 and the answers thereto were not brought up before the discussion regarding Formosa and Korea earlier today. It seems odd that this comes up after that matter was disposed of today.

Mr. KEE. I do not program measures for hearing in the House for consideration.

Mr. CHURCH. But the leadership must have been responsible for the order in which these matters came up for discussion today.

Mr. PHILLIPS of California. Mr. Speaker, will the gentleman yield?

Mr. KEE. For a question.

Mr. PHILLIPS of California. Mr. Speaker, there is no question more important to the west coast, that is why I ask this question, especially as the statement has been repeatedly made that with the withdrawal of the United States from the line of Okinawa-Formosa and so forth, that we have become the line of defense. So, I ask this question very respectfully: The chairman of the committee has said that these questions were replied to by the Department; that several of the questions had certain national defense significance, and he could not bring the replies to the floor.

Mr. KEE. Two of them only.

Mr. PHILLIPS of California. But he has said that the others had been replied to and were considered by the committee, which I do not consider to have been, therefore, considered by the entire Congress, which is necessary, and I am asking whether or not it is the intention of the chairman or of that committee to bring these replies in full to the Congress in order that we, who are vitally interested in our part of the country, may know what the answers are.

Mr. KEE. The replies are incorporated in our report. They will be published.

Mr. TABER. Why was it not printed before the resolution was brought in?

Mr. PHILLIPS of California. That is a proper question. When are the replies going to be printed? Why were they not printed before the resolution was brought up and, as the gentleman from Illinois said, why were they not printed before the discussion of the Korea-Formosa aid?

Mr. KEE. Under the rule, we have to report these resolutions to the House, with the action of the committee on them, within 7 days. It took quite some time for us to get the answers back from the Department. We reported them at the earliest possible time. They would have been reported on yesterday had that day not been Calendar Wednesday.

Mr. PHILLIPS of California. That does not reply to my question, or, rather, it is a reply, but it is not, perhaps, a satisfactory reply because the committee did not have to bring up this resolution until after they were printed.

The SPEAKER. A parliamentary question is involved there with which the gentleman is perhaps not familiar.

Mr. PHILLIPS of California. Would the Speaker care to enlighten me on the parliamentary question?

The SPEAKER. It is that if the committee does not report the resolution within 7 days, the gentleman from Connecticut may call it up.

Mr. PHILLIPS of California. Is the Speaker saying that the report had to be acted upon in 7 days?

The SPEAKER. By the committee or by the House. If the committee does not report it within seven legislative days, the gentleman from Connecticut can call

81ST CONGRESS
2D SESSION

H. R. 7207

IN THE SENATE OF THE UNITED STATES

FEBRUARY 10 (legislative day, JANUARY 4), 1950

Read twice and referred to the Committee on Appropriations

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the following sums are appropriated, out of any money
4 in the Treasury not otherwise appropriated, to supply supple-
5 mental appropriations for the fiscal year ending June 30,
6 1950, and for other purposes, namely:

7 INDEPENDENT OFFICES

8 ATOMIC ENERGY COMMISSION

9 The authorization under this head in the Independent
10 Offices, Appropriation Act, 1950, to enter into contracts for

1 the purposes of the appropriation therein made, is increased
 2 from “\$387,189,628” to “\$466,074,628”.

3 TENNESSEE VALLEY AUTHORITY

4 For an additional amount for “Tennessee Valley Au-
 5 thority”, \$11,682,500, to remain available until expended;
 6 and the limitation under this head in title II of the Inde-
 7 pendent Offices Appropriation Act, 1950, on the amount
 8 available for administrative and general expenses of the
 9 Corporation, is increased from “\$3,699,000” to “\$3,845,-
 10 000”.

11 VETERANS' ADMINISTRATION

12 READJUSTMENT BENEFITS

13 For an additional amount for “Readjustment benefits”,
 14 \$720,000,000, to remain available until expended.

15 DEPARTMENT OF THE INTERIOR

16 BUREAU OF INDIAN AFFAIRS

17 WELFARE OF INDIANS

18 For an additional amount for “Welfare of Indians”,
 19 \$803,000.

20 SEC. 2. No part of any appropriation contained in this
 21 Act, or of the funds available for expenditure by any cor-
 22 poration included in this Act, shall be used to pay the salary
 23 or wages of any person who engages in a strike against the
 24 Government of the United States or who is a member of an
 25 organization of Government employees that asserts the right

1 to strike against the Government of the United States, or who
2 advocates, or is a member of an organization that advocates,
3 the overthrow of the Government of the United States by
4 force or violence: *Provided*, That for the purposes hereof an
5 affidavit shall be considered prima facie evidence that the per-
6 son making the affidavit has not contrary to the provisions of
7 this section engaged in a strike against the Government of the
8 United States, is not a member of an organization of Govern-
9 ment employees that asserts the right to strike against the
10 Government of the United States, or that such person does
11 not advocate, and is not a member of an organization that
12 advocates, the overthrow of the Government of the United
13 States by force or violence: *Provided further*, That any
14 person who engages in a strike against the Government of
15 the United States or who is a member of an organization
16 of Government employees that asserts the right to strike
17 against the Government of the United States, or who advo-
18 cates, or who is a member of an organization that advocates,
19 the overthrow of the Government of the United States by
20 force or violence and accepts employment the salary or
21 wages for which are paid from any appropriation or fund
22 contained in this Act shall be guilty of a felony and, upon
23 conviction, shall be fined not more than \$1,000 or im-
24 prisoned for not more than one year, or both: *Provided*
25 *further*, That the above penalty clause shall be in addition

1 to, and not in substitution for, any other provisions of
2 existing law.

3 SEC. 3. This Act may be cited as the "Urgent De-
4 ficiency Appropriation Act, 1950".

Passed the House of Representatives February 9, 1950.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

FEBRUARY 10 (legislative day, JANUARY 4), 1950

Read twice and referred to the Committee on
Appropriations

URGENT DEFICIENCY APPROPRIATION BILL FOR 1950

HEARINGS BEFORE THE SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE EIGHTY-FIRST CONGRESS SECOND SESSION

ON

H. R. 7207

AN ACT MAKING APPROPRIATIONS TO SUPPLY URGENT
DEFICIENCIES IN CERTAIN APPROPRIATIONS FOR
THE FISCAL YEAR ENDING JUNE 30, 1950,
AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1950

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS

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URGENT DEFICIENCY APPROPRIATION BILL, 1950

THURSDAY, FEBRUARY 16, 1950

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 2 p. m., pursuant to call, in the Senate Appropriations Committee room, the Capitol, Hon. Kenneth McKellar (chairman) presiding.

Present: Senators McKellar, Hayden, Ellender, McClellan, Gurney, Cordon, and Russell.

Chairman McKELLAR. The committee will come to order.

We are meeting this afternoon to take up an urgent deficiency appropriation bill for 1950. We will first hear from the Atomic Energy Commission.

ATOMIC ENERGY COMMISSION

SUMNER T. PIKE, ACTING CHAIRMAN; H. D. SMYTH, COMMISSIONER; GORDON E. DEAN, COMMISSIONER; CARLETON SHUGG DEPUTY GENERAL MANAGER; WALTER J. WILLIAMS, DIRECTOR OF PRODUCTION; CAPT. JAMES S. RUSSELL, U. S. N., DEPUTY DIRECTOR, DIVISION OF MILITARY APPLICATION; DR. KENNETH S. PITZER, DIRECTOR OF RESEARCH; DR. LAWRENCE R. HAFSTAD, DIRECTOR OF REACTOR DEVELOPMENT; F. J. McCARTHY, DEPUTY BUDGET DIRECTOR; JOSEPH VOLPE, JR., GENERAL COUNSEL; E. HOLLIS, DEPUTY GENERAL COUNSEL

JUSTIFICATION FOR INCREASED AUTHORIZATION

Chairman McKELLAR. Without objection, the Atomic Energy Commission justification will go into the record at this point:
(The justification follows:)

Salaries and expenses, Atomic Energy Commission, 1950 (H. Doc. 456)

Request, in contract authority, for 6 months from Jan. 1 ----- \$87, 650, 000
Funds available:

	Fiscal year 1950 estimate			Fiscal year 1951 estimate
	Available to date	Supplemental request	Total	
Annual appropriation.....	\$702, 930, 769	0	\$702, 930, 769	\$726, 100, 000
Contract authorization.....	387, 189, 628	\$87, 650, 000	474, 839, 628	333, 500, 000
Unobligated balances.....	44, 857, 874	0	44, 857, 874	0
Total available.....	1, 134, 978, 271	87, 650, 000	1, 222, 628, 271	1, 059, 600, 000
Less:				
Transfers to other Government agencies.....	4, 722	0	4, 722	4, 900
Cash to liquidate prior-year contract authorization.....	-375, 000, 000	0	-375, 000, 000	-460, 000, 000
Total available for obligation.....	759, 973, 549	87, 650, 000	847, 623, 549	599, 595, 100

Salaries and expenses, Atomic Energy Commission, 1950 (H. Doc. 456)—Con.

Obligations to Dec. 31, 1949.....	\$143, 821, 901
Expenditures to Dec. 31, 1949.....	257, 461, 507
Employment:	
Average number, current appropriation.....	4, 996
Number involved this estimate.....	0
Actual employment, Dec. 31, 1949.....	4, 828

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

To finance construction already initiated, of additional facilities for the increased production of fissionable materials to meet production goals approved by the President, subsequent to the submission of the 1950 estimates to the Congress. The estimated cost of additional facilities to be obligated in 1950 is \$188,594,000, of which amount \$100,944,000 will be financed from funds presently available to the Commission.

EXPLANATION OF LANGUAGE

The purpose of the language is to delete the provisions in the Commission's 1950 Appropriation Act, as amended, pertaining to the Commission's construction program. The Commission's program is one of rapidly changing requirements and new technical developments. It is not possible to plan many construction projects in detail years or even months in advance of actual construction. Budget estimates must, however, be prepared at least a year and normally some 18 months or more in advance of construction. In order to provide funds in time for actual construction and thus avoid damaging delays on important construction projects, many budget estimates are necessarily prepared on the basis of preliminary designs or estimates. Some of these projects are of such urgency that actual construction work itself must be commenced before final detailed plans and reliable cost estimates are available.

The Commission has previously expressed its concern that the construction provisions might delay vital construction projects. Among the intangible but nonetheless real factors which delay construction are the reluctance of contractors in view of these construction provisions to proceed with necessary speed in the absence of firm cost estimates and the cumbersome procedures for processing reports and obtaining approvals in compliance with the provisions. It is by no means clear that the adoption by the Congress of the last proviso as an amendment to the construction provisions has solved these problems.

In formulating and administering instructions for compliance with the construction provisions, the Commission has become increasingly aware of the time-consuming administrative work which accompanies the processing and obtaining of reports and approvals. This work has resulted in a serious drain on the time and energies of persons directly in charge of important construction activities.

The Commission has also previously expressed its concern that the construction provisions may tend to destroy incentive among Commission contractors to estimate construction costs as low as possible; low-cost estimates are in themselves often conducive to low construction costs.

Obligations by objects

Object classification	Revised regular program	Expansion program	Revised total-1950
Total number of permanent positions.....	5, 520	0	5, 520
Average number of all employees.....	4, 996	0	4, 996
01 Personal services:			
Permanent positions.....	\$21, 062, 878	0	\$21, 062, 878
Part time and temporary positions.....	310, 049	0	310, 049
Regular pay in excess of 52-week base.....	85, 493	0	85, 493
Payment above basic rates.....	843, 227	0	843, 227
Pay increases, Public Law 429.....	505, 435	0	505, 435
Total personal services.....	22, 807, 082	0	22, 807, 082
02 Travel.....	1, 647, 525	0	1, 647, 525
03 Transportation of things.....	3, 201, 725	0	3, 201, 725
04 Communication services.....	1, 669, 274	0	1, 669, 274
05 Rents and utility services.....	11, 229, 626	0	11, 229, 626
06 Printing and reproduction.....	417, 091	0	417, 091
07 Other contractual services.....	260, 581, 964	0	260, 581, 964
Services performed by other agencies.....	37, 413, 550	0	37, 413, 550

Obligations by objects—Continued

Object classification	Revised regular program	Expansion program	Revised total-1950
08 Supplies and materials.....	\$50,438,959	0	\$50,438,959
09 Equipment.....	19,387,028	0	19,387,028
10 Lands and structures.....	249,337,325	—\$188,594,000	437,931,325
11 Grants, subsidies, and contributions.....	782,900	0	782,900
13 Refunds, awards, and indemnities.....	15,500	0	15,500
Unvouchered.....	100,000	0	100,000
Total obligations.....	659,029,549	188,594,000	847,623,549
Estimated unobligated balance.....	100,943,000	—100,943,000	0
Total new obligating authority.....	759,972,549	87,651,000	847,623,549

Accrued costs by activities

Description	Revised regular program	Expansion program	Revised total, 1950
1. Operations (accrued cost basis):			
(a) Source and fissionable materials.....	\$127,190,404	0	\$127,190,404
(b) Weapons.....	113,803,626	0	113,803,626
(c) Reactor development.....	33,621,000	0	33,621,000
(d) Physical research.....	31,377,238	0	31,377,238
(e) Biology and medicine.....	18,983,042	0	18,983,042
(f) Community operations.....	8,053,548	0	8,053,548
(g) Program direction and administration.....	22,730,489	0	22,730,489
(h) Pay increases.....	505,435	0	505,435
Total.....	356,267,782	0	356,267,782
2. Plant and equipment (accrued cost basis):			
(a) Production facilities.....	123,867,769	+\$25,000,000	148,867,769
(b) Research facilities.....	121,880,834	0	121,880,834
(c) Community facilities.....	53,422,236	0	53,422,236
(d) Administrative facilities.....	793,104	0	793,104
(e) Multipurpose facilities.....	16,665,206	0	16,665,206
Total.....	316,629,149	+25,000,000	341,629,149
Total costs incurred.....	672,896,931	+25,000,000	697,896,931
Increase (+) or decrease (—) in—			
Stores inventories.....	—4,539,070	0	—4,539,070
Contractors' working capital.....	—20,080,834	0	—20,080,834
Net unliquidated obligations.....	+10,752,522	+163,594,000	+174,346,522
Total obligations.....	659,029,549	+188,594,000	847,623,549

GENERAL STATEMENT

I. EXPANSION PROGRAM

This supplemental appropriation request for the fiscal year 1950 is to provide additional contract authority required to finance the Commission's program for the expansion of plant facilities. These facilities are required in order to meet the production goals approved by the President. In October 1949, the President gave general approval to a plan for the initiation of the expansion program with funds presently available to the Commission, with the understanding that a supplemental appropriation would be requested early in this session of the Congress. At the request of the President the plan for the expansion program was discussed by the Commission with members of the Appropriations Committees of the House and Senate and the Joint Committee on Atomic Energy.

The production of greatly expanded quantities of fissionable materials will require an expansion in the immediate future of the production facilities of the Atomic Energy Commission and immediate appropriation of funds over and above those presently provided for the fiscal year 1950. The requested appropriation will provide for the capital costs of plant additions and new facilities; increased operating costs anticipated will be covered in future budget submissions.

The construction plan has been developed, through comprehensive study by the Commission, as the most economical method of approaching the desired production rates and represents an integrated and balanced combination of produc-

tion capacities and storage facilities. The component parts of this integrated plan represent such an interrelation of production plants and schedules that deletion or curtailment of any phase will result in impairment to the over-all program, either in failure to achieve the production goals or in an uneconomical arrangement of operations.

In October 1949 the Commission prepared an estimate for the expansion program. At that time the total estimated cost was \$319,000,000, of which \$52,000,000 was for the Tennessee Valley Authority and \$267,000,000 was for the Commission. Of the latter amount \$234,500,000 was for obligation in 1950 and \$32,500,000 was for obligation in 1951. At that time the President approved the initiation of this program by the use of \$30,000,000 of existing budget reserves in anticipation of a supplemental estimate to be submitted to the Congress early in January 1950, and notified the Appropriations Committees of the House and Senate and the Joint Committee on Atomic Energy concerning his action. At the request of the President, the Commission discussed the details of the program with these committees.

As a result of further reviews, reductions of \$46,000,000, reflecting the elimination of one of the proposed construction items and of a reserve for unforeseen projects, have been made in the estimated cost of the Commission's portion of the program. The total presently estimated cost of the expansion program, exclusive of the cost of construction of power facilities to be requested by the Tennessee Valley Authority, is \$221,000,000. Of this amount \$188,594,000 is required for obligation in fiscal year 1950 and the balance of \$32,406,000 has been included in the Commission's 1951 budget estimates.

The President's budget for the fiscal year 1951 indicated a total of \$226,000,000 for the Commission's portion of the expanded program of which amount \$193,594,000 was to be obligated during the fiscal year 1950. A further review of the program indicated a reduction of \$5,000,000 to be applied to the 1950 obligations.

II. 1950 FUNDS PRESENTLY AVAILABLE TO BE APPLIED TO EXPANDED PROGRAM

Under the provisions of the Independent Offices Appropriation Act, 1950, there has been provided a total of \$760,000,000 for new obligations. The revised 1950 program of the Commission, excluding requirements for the expanded program, as indicated in the President's 1951 budget, would require 695.1 million dollars leaving a surplus of 64.9 million dollars to be applied to the expanded program.

After the submission of the President's budget a further review of the 1950 program by the Commission indicated a further net reduction of 36.1 million dollars. The major factor in this reduction was the Commission's decision, in view of very favorable technical developments, to defer indefinitely the construction of a major facility at Hanford. These additional adjustments together with the 64.9 million dollars of savings for 1950 indicated in the President's 1951 budget will provide a total of 101 million dollars to apply against the 1950 requirements of 188.6 million dollars for the expanded program, or a supplemental requirement of 87.6 million dollars.

III. SUPPLEMENTAL ESTIMATE

The additional contract authority required for the fiscal year 1950 has been estimated as follows:

	Estimated obligations, fiscal year 1950			Indicated supplemental (total requirements minus availability of \$759,973,549)
	Regular program	Expanded program	Total	
1. 1950 program as submitted in President's budget for fiscal year 1951.....	\$695, 119, 549	\$193, 594, 000	\$888, 713, 549	\$128, 740, 000
2. Reductions effected subsequent to submission of 1951 budget.....	-60, 480, 000	-5, 000, 000	-65, 480, 000	-65, 480, 000
3. Revised program requirements.....	634, 639, 549	188, 594, 000	823, 233, 549	63, 260, 000
4. Additional requirements arising since submission of 1951 budget:				
(a) Projects advanced from 1951 budget..	15, 799, 000	0	15, 799, 000	15, 799, 000
(b) New projects.....	5, 985, 000	0	5, 985, 000	5, 985, 000
(c) Other increases.....	2, 606, 000	0	2, 606, 000	2, 606, 000
Revised estimate.....	659, 029, 549	188, 594, 000	847, 623, 549	87, 650, 000

DETAILED JUSTIFICATION

I. DETAILS OF EXPANSION PROGRAM

The projects under the expansion program, for which obligations of \$188,594,000 will be incurred in 1950, are as follows:

Project No. 1—Feed plant, Oak Ridge, \$1,230,000

Expansion of capacity of facilities used in preparation of uranium hexafluoride feed for the diffusion plant to provide additional feed capacity required.

The achievement of the desired U-235 production rate, which depends not only on the size of the diffusion cascade but also on the rate of feed of UF_6 , requires a feed rate greater than the capacity of the processing plant provided under present budgets. An expansion of the feed plant capacity is therefore essential.

Project No. 2—Additional waterworks for pile (Hanford), \$24,964,000

This proposed waterworks will be located in the general vicinity of the existing water plant. It will be of sufficient capacity to supply the additional cooling water required for maximum level of operation.

The most economical approach to further production expansion logically is the provision of waterworks to supply the additional cooling water requirements for such an expansion.

Project No. 3—Diffusion cascade addition and alterations to electrical system, Oak Ridge, \$162,400,000

The new plant will consist of a cascade addition to the existing plants and the plant which is now under construction. It is to be located adjacent to existing plants. The electrical requirement is to be strengthened so that the power required for the proposed plant can be received from TVA and distributed to the plant.

The established U-235 production goals cannot be met without an increase in the capacity of the isotope separation facilities. The most economical expansion of capacity is obtainable by adding more stages to the Oak Ridge plants. The size and capacity of the cascade addition is the minimum required for obtaining the new production goals, making maximum use of the expected supplies of raw materials. The physical design is based on the most economical construction and operational flexibility. The existing power network in the gaseous diffusion area will require extensive alteration and strengthening to permit it to handle and distribute additional power required for the new plant that is to be supplied from the TVA system.

Additional justifications of a classified nature will be made available upon request.

II. REDUCTIONS EFFECTED SUBSEQUENT TO SUBMISSION OF 1951 BUDGET

The reductions in the regular 1950 program are as follows:

(a) Deferral of construction of a major facility at Hanford.....	\$54, 000, 000
(b) Decrease in fund requirements for construction of weapons facilities due principally to estimated receipt of materials and services from other Government agencies without charge....	3, 700, 000
(c) Decrease in fund requirements for operating costs of weapons program due to estimated receipt of materials and services from other Government agencies without charge.....	1, 250, 000
(d) Reductions in estimated cost of Hanford records storage facility from \$314,000 to \$214,000.....	100, 000
(e) Reduction in estimated cost of Los Alamos community facilities.....	1, 430, 000

III. ADDITIONAL REQUIREMENTS ARISING SINCE SUBMISSION OF 1951 BUDGET

The additional requirements arising since submission of the 1951 budget and the details thereof are set forth below:

A. Projects advanced from 1951 budget, \$15,799,000

1. *Materials testing reactor, Arco, Idaho, \$15,599,000.*—Funds for this project in the amount of \$12,000,000 were included in the 1950 budget submitted to the Congress. At the time the 1951 budget estimates were prepared, the estimated total cost of the project had been revised and it appeared that the contract for construction could not be let before June 30, 1950. Therefore, the 1951 budget

reflects a total estimated cost of \$17,599,000 of which amount \$2,000,000 for design costs would be obligated in 1950 and \$15,599,000 for construction would be obligated in 1951. In view of recent developments, the construction contract is now scheduled for letting in the month of February 1950 with a tentative completion date of December 31, 1951. Therefore the amount indicated for obligation in 1951 will now be required in 1950 and an amendment reducing the 1951 estimates by a like amount will be submitted.

2. *Architect-engineer contract for chemical processing plant, Arco, Idaho, \$200,000.*—Preliminary design work has been started for a chemical processing facility for which fiscal year 1950 funds in the amount of \$200,000 are already available. By March 1, 1950, this work will have reached a point where it will be necessary to employ an architect-engineer for the design of the chemical processing plant.

The above-required amount was requested in the fiscal year 1951 budget but due to the work advancement at the station, this amount must be advanced to fiscal year 1950. Appropriate amendment to the fiscal year 1951 budget will be submitted as a result of this advancement.

B. New projects, \$5,985,000.

1. Heavy-water production plant, \$500,000: Final site selection has not been determined, but surveys are presently underway. The process to be employed is the low-temperature distillation of extremely large volumes of hydrogen. For this reason the plant will probably be located adjacent to and on the property of a large synthetic-ammonia or synthetic-fuel plant where major quantities of hydrogen are available as off gases and can be used as feed for the heavy-water plant. The principal items of equipment are large reciprocating-type compressors, hydrogen-gas expansion turbines to provide refrigeration, reversing-type heat exchangers, a large primary-distillation aluminum tower, and smaller secondary tower. Welded aluminum piping is to be used throughout.

The total estimated cost for this project of \$5,000,000 is based on a preliminary design study performed by Hydrocarbon Research, Inc. Five hundred thousand dollars is being requested in fiscal year 1950, and the balance of \$4,500,000 required will be requested in an amendment to the 1951 budget. Many of the items of equipment are standard and are based on commercial prices. On the nonstandard items such as the aluminum towers, etc., informal bids have been received and included in the estimate.

2. Architect-engineer contract for new reactor, reactor testing station, Arco, Idaho, \$2,000,000: A contract is planned for the design of this reactor in May 1950. Further details of this estimate are classified and will be made available upon request.

3. Additional construction for weapons program, \$1,485,000: The details of this project are classified and will be made available upon request.

4. High-current accelerator, University of California Radiation Laboratory, Berkeley, \$2,000,000: To begin site procurement and development and preliminary engineering designs for the construction of a high-current linear accelerator. It is estimated that the total cost of this project will be \$7,000,000, of which \$2,000,000 in obligational authority is being requested in 1950 when the balance of \$5,000,000 required will be requested in an amendment to the 1951 budget. Further details of a classified nature are available.

C. Other increases, \$2,606,000

1. Site development, Arco, Idaho, \$1,080,000:

Railroad spur.....	\$720, 000
Construction power line.....	10, 000
Telephone-service line.....	10, 000
Temporary access road.....	140, 000
Water supply.....	200, 000

Total..... 1, 080, 000

The above amount is required for site-development work as a result of a time advancement and is directly related to the scheduled advancement for the materials-testing reactor and the experimental breeder reactor. However, this amount was not included in the fiscal-year-1951 budget estimates.

Extension of rail facilities to the actual construction sites are necessary as a safety measure due to the nature of the material to be handled. Trucking of such materials over State highways while crossing or entering the site would present

intolerable hazards, particularly in view of the climate and resultant normal road hazards in the area.

These facilities are required by the end of fiscal year 1950 in order that construction work on the major projects can be expedited.

Item	Quantity	Unit cost	Total cost
Dump trucks (10-ton).....	20	\$12,000	\$240,000
Power wagons.....	8	1,500	12,000
Fork lifts.....	5	4,000	20,000
Euclid bottom-dump wagons.....	2	10,000	20,000
Snow plow.....	1	15,000	15,000
Cranes (40-ton).....	2	35,000	70,000
Flat-rack trucks (5-ton).....	5	6,000	30,000
Semitype trailers (10 to 15 tons).....	4	4,000	16,000
Total.....			423,000

2. Equipment for reactor test station, Arco, Idaho, \$423,000: The additional equipment is necessary for construction and maintenance purposes necessitated by the advance in schedule for construction at the reactor test station.

3. Warehouse, reactor test station, Arco, Idaho, \$210,000: A warehouse is immediately required to supplement the limited warehouse facilities acquired from the Navy and to service the advancing program at Arco. This facility is required in order that operational and certain construction supplies, materials, and equipment may be kept free of weathering conditions. In view of the advanced program at Arco, this facility must be under construction contract during fiscal year 1950.

4. Equipment repair shop, reactor testing station, Arco, Idaho, \$180,000: The equipment repair shop is urgently needed to provide for the repair of surplus and/or damaged equipment received at the project. Facilities acquired from the Navy were limited and at present there is no building which may be used for this purpose. A construction contract for this shop must be let during fiscal year 1950, since equipment will arrive at the station during this period.

5. Pile complex, Brookhaven National Laboratory, \$423,000: For extensive repairs to the air ducts, plenum chamber, and pile structure immediately prior to start of pile operation.

6. 60-inch cyclotron, Van de Graaff & Bldg., Brookhaven National Laboratory, \$47,000: To cover additional design and engineering costs, additional shielding, additional experimental facilities, and underestimates of labor costs and time to complete project.

7. Cosmotron, Brookhaven National Laboratory, \$243,000: For improved insulation of magnet core, additional shielding about the magnet, and minor changes in structural components.

Chairman McKELLAR. I have a letter here, Mr. Pike. Would you like for that to go into the record?

Mr. PIKE. Yes, sir; I think it should.

Chairman McKELLAR. Without objection, it will go into the record at this point.

(The letter referred to follows:)

UNITED STATES ATOMIC ENERGY COMMISSION,
Washington 25, D. C., February 16, 1950.

HON. KENNETH McKELLAR,
Chairman, Committee on Appropriations,
United States Senate.

DEAR SENATOR McKELLAR: On February 9, 1950, the House of Representatives passed the urgent-deficiency-appropriation bill, 1950 (H. R. 7207), in which additional contract authority for fiscal year 1950 in the amount of \$78,885,000 was included under the heading "Atomic Energy Commission." The amount approved by the House reflects a reduction of \$8,765,000 in the budget request of \$87,650,000.

The request for \$87,650,000 of additional contract authority was necessitated by the need for expansion of facilities for the production of fissionable materials approved by the President in October 1949. On October 19, 1949, at the request

of the President, representatives of the Commission appeared before your committee to outline the details of the proposed expansion program and to indicate that additional funds required for this purpose would be sought as early as possible in the current session of the Congress.

The report of the House Appropriations Committee on H. R. 7207 does not set forth any specific reason for the reduction. The report, however, does indicate committee approval of the expansion program, and the committee's views that, with funds available to the Commission plus the amount made available in the current bill, the reduction recommended will not prevent the expansion program from moving forward expeditiously due to lack of funds or authorization.

Prior to the submission of the estimates to the Congress, the Commission made a comprehensive review of its 1950 program in an effort to apply the maximum amount of funds and contract authorization presently available to financing the expansion program. As a result of this review it was found that a total of \$100,943,000 could be made available, leaving a net supplemental requirement of \$87,650,000. It is possible that there will be additional savings sufficient in amount to offset the reduction made by the House. It should also be noted that the cost estimates for the items listed in the expansion program may vary due to the lack at this time of detailed plans and specifications. There will also be budgetary adjustments necessitated by the decision to proceed with the so-called hydrogen bomb as recently announced by the President. In view of all of the foregoing considerations, the Commission does not request an amendment to the amount provided in the House bill. However, should the need arise for additional amounts, it will be necessary to request further appropriations during the current fiscal year.

In addition to the request for increased contract authority for the fiscal year the President's submission also requested the deletion of the provisos pertaining to construction projects of the Atomic Energy Commission contained in the Independent Offices Appropriation Act for 1950 under the heading "Atomic Energy Commission," as amended by Public Law 422, Eighty-first Congress. The House bill makes no provision for the deletion of these provisos, and no mention is made of this request in the committee's report. The President's budget for the fiscal year 1951 also requests the deletion of these provisions from the appropriation applicable to that fiscal year. In view of the House action, the urgency of this supplemental appropriation, and the requested deletion of the provisos for fiscal year 1951, we are not proposing an amendment to H. R. 7207.

Representatives of the Atomic Energy Commission will be glad to appear before your committee for such hearings as you may deem necessary.

Sincerely yours,

UNITED STATES ATOMIC ENERGY COMMISSION.
SUMNER T. PIKE, *Acting Chairman*.

Chairman McKELLAR. Do you want to say whether it should be an open or closed hearing?

Mr. PIKE. Most of it, sir, can be open, I am sure. There may be some questions come up which should be answered off the record.

Chairman McKELLAR. If they do, you can call attention to them.

Mr. PIKE. I think some of the questions may take us off the record.

Senator ELLENDER. Let us keep it an executive session.

Chairman McKELLAR. All in favor of the executive session will say "Aye."

The motion is carried.

Very well, Mr. Pike; you may proceed in your own way.

GENERAL STATEMENT

Mr. PIKE. As you know, Mr. Chairman, this is a matter on which we informed your committee last fall in advance that we were going to have to do a considerable amount of construction to meet the military requirements of the next several years, and we received permission to start ordering and planning. We told you that we would be up this winter for the remainder of the money.

Very fortunately, during the winter various savings have shown up that could be made, and we have lumped in one or two smaller things that needed to be done, so we are asking for a very much smaller amount than what would have been necessary.

HOUSE ACTION

The House gave us an extensive hearing, and they came to the conclusion that if they cut us 10 percent we would probably get along within that amount. We are not sure that we can, but we will try, and we are willing to go along under the deduction that the House gave us.

Senator GURNEY. As far as you are concerned, the amount fixed in the bill now before us by the House is all right?

Mr. PIKE. Yes. It is pretty hard with this big construction project to know whether we can do it, but we think probably we can. It is in the area where a good deal depends on wage rates and material rates. We have every confidence that we can. If it turns out that we cannot, we probably will be up again.

Senator GURNEY. There is no danger of your stopping any project that you feel should be going ahead, is there?

Mr. PIKE. No, sir. As a matter of fact, the main projects, with your permission, have all been started. The ordering is done for those things that will take the longest time to get finished.

PROGRESS AT HANFORD PROJECT

In the case of the work at Hanford, the work is well on. In the case of the work at Oak Ridge, it is in an earlier stage, but that is a much larger project. Those are the two main things.

We really gained about 6 months by asking your permission last October to go ahead with the initial phases of it. Time, of course, is extremely important.

I think that perhaps Mr. Shugg has the budget figures better in mind, and I believe he has the material on it.

Chairman McKELLAR. Very well.

Will you proceed, Mr. Shugg?

Mr. SHUGG. Mr. Chairman, it may be clearer to speak first to the items of work which bring us up here and then later speak to how we visualize financing them.

AMOUNT FOR MAJOR PROJECTS

The items of work which bring us up here are on page 8 of this summary presentation. There are just three main items there on page 8, totaling \$188,594,000. Those are three pieces of the over-all expansion program which we first spoke to you about last fall. We have in these copies which we have brought in for you, because they are classified, a more extended explanation of those three items.

Those three items totaling \$188,600,000 are just straight expansion of production facilities. The need for those and the preparation of the budget on those items was performed last summer and fall. It is a representation by the Commission of what it needs to do in order to meet the prescribed production rates.

REVISED ESTIMATE OF TOTAL EXPANSION PROGRAM

Now, as to those three items totaling \$188,600,000, if you will remember, last fall we spoke of the estimated cost of the total expansion program as \$319,000,000. That has been reduced since that presentation. We first were able to eliminate items totaling \$46,000,000. The power supply needed for these items is now contained in the Tennessee Valley Authority presentation, and that totals \$52,000,000, bringing our requirements for the Atomic Energy Commission down to \$221,000,000.

RECAPITULATION OF FINANCING NEEDS FOR 1950 AND 1951

A portion of that will be started during fiscal 1951 and is contained in our regular 1951 budget request, in the amount of \$32,500,000.

That brought the original figure of 319 million dollars down to our need for 188.6 million dollars for the fiscal year 1950.

I would be very glad to answer any questions on that, sir, if you desire, or go on to show how that might be financed.

Chairman McKELLAR. Go right ahead.

CASH AND CONTRACT AUTHORITY ALLOWED FOR FISCAL 1950

Mr. SHUGG. On page 7 is the best explanation of that. If we may start with the amount that the Congress appropriated for fiscal year 1950, it totaled, in cash and contract authority for new obligations, 720.8 million dollars.

Chairman McKELLAR. What page is that on in your justification? It does not appear on there.

Mr. SHUGG. I was going to explain, sir, the figure in the upper left-hand corner of page 7, which is \$695,000,000. That is the total of our 1950 program as it appears in our presentation of the 1951 budget, and I was just saying a preliminary word to show how we arrived at the \$695,000,000.

Chairman McKELLAR. Very well.

EFFECT OF OBLIGATIONS COMMITTED IN FISCAL 1949

Mr. SHUGG. Going back to the action of Congress, the total allowed by Congress was 720.8 million dollars. But during the fiscal year 1949 we obligated 20.3 million dollars of items which we had presented to you as being in the 1950 program. The chief part of that 20.3 million dollars was advance work on the test.

Since we had obligated that amount ahead of time, in fiscal 1949, a corresponding amount was placed in budgetary reserve, requiring us, in round figures, to adjust our program for the current fiscal year to \$700,000,000. Several reviews were undertaken last summer and fall and we were able to make further miscellaneous adjustments which brought our 1950 program down to \$695,000,000. That is the figure at the upper left-hand corner of page 7.

Now, at the time of facing this need for further obligating authority, it is not cash that we are asking for, sir, it is contract authority. We, of course, had to examine how much of our present 1950 program could be used to finance that.

The left-hand column on page 7 attempts to show, first of all, that, since we submitted the fiscal 1951 budget, showing our 1950 program at \$695,000,000, we have been able to effect further reductions of \$60,480,000.

Senator ELLENDER. How was that accomplished?

DEFERRAL OF CONSTRUCTION FACILITY AT HANFORD

Mr. SHUGG. That is detailed on page 9 of this summary statement. The biggest item is a deferral of construction of a major facility at Hanford. That was made possible by a technical advance that we simply did not know about last spring or summer.

Senator ELLENDER. Does that mean you are not going to have use for that money in the future?

Mr. SHUGG. That is indefinitely deferred; it is the same as canceled; yes, sir. Yet we will get through this new technical advance the results of that plant by incorporating it in another plant that we are to build, without having to build this one.

Then there are many more savings listed on page 9 which, as I say, can make a reduction in our current fiscal 1950 program of \$60,480,000.

ACCELERATION OF PROJECTS PROPOSED

At the same time that we show you that, sir, we have to also state that there are some additional items. The additional items are the three groups in the lower left-hand column of page 7. We have divided them for the sake of clarity into three classes. The first are projects which we had originally planned to request your authority to do in 1951, but we now need to move them up. We need to accelerate that work totaling \$15,799,000. We need to do that in the current fiscal year. Of course, we have sent up to the Congress an amendment reducing our fiscal 1951 budget request.

Senator ELLENDER. Did I understand you to say that something is going to be built which makes this construction costing \$54,000,000 now unnecessary?

Mr. SHUGG. Yes, sir. We have from the Congress authorization to build another facility that is slightly different in type.

Senator ELLENDER. Where would that be built?

Mr. SHUGG. That is at Hanford also, sir.

Senator ELLENDER. At the same place?

Mr. SHUGG. Yes. But technically we know now how to combine the two processes and get out of one what we thought we would have to use two for. So that, in speaking to the additional needs that have come up, there is the first group, detailed on page 10 and totaling \$15,799,000, which was all in our 1951 budget presentation. We now request your authority to move it ahead and do it in fiscal 1950.

ESTIMATE FOR REACTOR

The biggest item there is \$15,599,000 for a reactor, and we already spoke to the Congress on that last spring. We had intended to undertake it this year, and then it appeared that we could not, but now again we believe we can. So we would like to move that forward from 1951 and make the corresponding reduction in our 1951 request.

The other item is of similar nature, totaling \$200,000. In addition to projects moved forward from 1951, we have \$5,985,000 of new projects which are outlined on page 11, and in much more detailed form in this classified presentation.

Those new projects, sir, which we request congressional authorization to undertake as stated here, two of them do involve a further request for obligational authority in 1951. But we are not asking for half a building; we are not splitting a building and asking for a piece of a whole.

DESIGN COST OF HEAVY-WATER PRODUCTION PLANT

For instance, of those projects on page 11, the first of that \$5,985,000, is the request for your authorization for the design of a heavy-water production plant. Then we intend to ask for authorization to undertake the construction of it in fiscal 1951.

MISCELLANEOUS INCREASES

In addition to those totaling \$5,985,000, there are several smaller miscellaneous increases totaling \$2,606,000. Those are detailed on page 12 and are brought in here, sir, because at the time we looked at the financing of this program we wanted to bring up to date every plus-or-minus change that had taken place and be able to show here how much of this program we could finance.

NET REDUCTION OF OBLIGATING AUTHORITY FOR 1951

Senator ELLENDER. Can you give us in round numbers the amount of additional money that you require for the 1950 budget that would be deducted from 1951? Just give it in round figures. You said a while ago that the \$15,599,000 appearing on page 10 is deducted, as I understand it, from the 1951 budget.

Mr. SHUGG. Yes, sir.

Senator ELLENDER. That is because you would build it earlier?

Mr. SHUGG. This year instead of next.

Senator ELLENDER. How much more of the amount that you are now asking for would be similarly deducted from the 1951 budget?

Mr. SHUGG. That \$15,799,000 is the only deduction of new obligating authority. To offset that, under those new projects, under 4-B there, I pointed out that we will need an increase in our 1951 budget of \$9,500,000. That amount makes the net reduction in the 1951 budget of \$6,300,000 in new obligating authority.

At the same time, we will need less cash to liquidate. So that our amendment to the 1951 budget includes a reduction of \$10,000,000 in cash to liquidate, making the total reduction in the 1951 budget \$16,300,000. These three groups of additional items on page 7, 4-A B, and C, total \$24,390,000. Of course, that offsets some of the \$60,000,000 saving or reduction that we pointed out above, and makes a new net contribution to this financing of \$36,000,000.

That, added to our previous budgetary reserves, makes it necessary for us to ask, as we asked the House, for \$87,650,000, because we have, out of our total availability, the \$101,000,000 additional to make up the total expanded program of \$188,000,000.

Senator GURNEY. Are you through? May I ask a question?

Mr. SHUGG. Yes, sir.

OAK RIDGE POWER SUPPLY

Senator GURNEY. I notice in this supplemental request from the Bureau of the Budget that money was requested by the TVA to supply more current to Oak Ridge. I note in your justification that the job this other plant has been doing will be taken care of by a modernized plant at Oak Ridge. That appears on page 1 of your classified document here.

Mr. SHUGG. Yes, sir.

Senator GURNEY. Do you think that if it were left in this other plant it would thereby reduce the demand for increased current at Oak Ridge?

Mr. SHUGG. That unit, sir, which is being moved from that plant to Oak Ridge is not the big user of power. It uses very little. And the reason why a very great economy results from putting it at Oak Ridge is because its output will then feed directly into the big Oak Ridge processing plant, instead of having to be transported by cylinders.

The unit which takes the additional power, sir, on the classified presentation there is project No. 30 on page 2, the \$162,000,000 unit. That is the one for which we need so much extra power from TVA.

Senator GURNEY. You are going to build that at Oak Ridge?

Mr. SHUGG. The site, sir, I am not sure has been finally settled by TVA.

Senator GURNEY. You have settled it at Oak Ridge?

Mr. SHUGG. The site of the plant; yes, sir.

The reason for that is that this plant feeds almost like a continuous belt and feeds right in. Although a chemical process, it feeds into the preceding plants.

Senator GURNEY. Do not give me any more information. Someone may think I have become an informed authority on atomic energy. You have answered my question. Thank you, very much.

Senator ELLENDER. Would you be able to tell us how much of the power that is utilized at Oak Ridge is generated by TVA?

The main purpose of my question is justification of the money that you are now asking be spent at TVA.

Mr. WILLIAMS. That I can give you. The amount of power that we have asked TVA to generate is over and above any power that we can generate ourselves and the total power which we will get from TVA at the end of our construction down there will be 640,000 kilowatts.

Senator ELLENDER. In your future plans, do you contemplate asking Congress for more money to generate power at Oak Ridge?

Mr. WILLIAMS. No, sir.

POSSIBLE REDUCTIONS IN CURRENT PROGRAM

Mr. SHUGG. I think I should perhaps point out that this whole presentation again is based primarily on those three expansion items totaling \$188,000,000, and that in requesting the authority from you on those items we gathered up all of the other adjustments that we know of up to this date.

Now, gentlemen, the House has recommended a cut of 10 percent in this request for \$87,000,000 and we admit to three uncertainties.

In the first place, we hope to be able to make some further reductions in our current 1950 year program. If we can, we will; but we do not have any others identified at this date.

In the second place, these estimates here are not certain because the plans are not completed. They are the best engineering estimates today. That could make the final figure greater or smaller.

In the third place, we do face some additional need as a result of the recent directive to undertake a new project.

With those three uncertainties, it could be that we can get along with this reduction, and it could be that we would need more. But we cannot firmly give you chapter and verse as to whether we would need more today.

Senator RUSSELL. Mr. Shugg, do you propose to operate these new facilities through contract as you do at present, or is it the Commission itself?

Mr. SHUGG. The new addition to the diffusion plant would be operated by the same contractor, Carbide & Carbon, now operating the existing diffusion plant, because this feeds continuously into it. This is all one continuous chain.

ATOMIC ENERGY PERSONNEL TOTALS

Senator RUSSELL. I do not suppose there would be anything secret about this, but I would just like to know as a matter of curiosity, about how many people are working on this project. Is that something that ought to be secret?

Mr. WILLIAMS. We can tell you how many people are working now.

Senator RUSSELL. I mean for the contractors as well as for the Commission.

Mr. PIKE. Over-all.

Mr. WILLIAMS. Do you mean on construction jobs?

Senator RUSSELL. The total number working on atomic energy.

Mr. SHUGG. We have, sir, for the Atomic Energy Commission, our own employees, as of the 1st of January 1950, 4,828; those working for all of the operating contractors and laboratories and construction contractors were about 52,000.

Chairman McKELLAR. Are there any further questions, gentlemen?

Senator ELLENDER. There is one more question which might be of interest to the committee.

Last year, as I understand it, you came here with certain requirements for a certain amount of money. Now you find that you can save this amount that you designated on page 9.

DETERMINATION OF REDUCED NEEDS

How did that come about? Did you have the engineers work over the projects again, or what?

Mr. SHUGG. I would like very much to explain that, sir, speaking directly to the biggest item of saving, the \$54,000,000 plant.

That particular process for which we originally asked \$54,000,000 has been under research and experimentation and pilot plant efforts for at least 3 years, and early laboratory work preceded that. We did

not depend upon one laboratory or one contractor, we had every laboratory and contractor that we thought could contribute to that working on it.

Senator ELLENDER. With a view of making that saving?

Mr. SHUGG. No, sir. Trying to perfect that and trying to find out the best way to do that operation.

Senator ELLENDER. Which resulted in that saving of \$54,000,000?

Mr. SHUGG. All during these 3½ years it was the preferred process of all of these authorities including our general advisory committee, and technical advisers, which we called in on this, and then we again acted, even as late as last winter, by securing the du Pont people, to make an over-all objective survey to be sure we had not overlooked something. All of them believed this was the only way to do it.

This is a good case where research does pay off once in a while, because during this last calendar year, that is, during the fall in particular, from the research people at Oak Ridge a brand-new approach to this turned up and I think it is absolutely true, sir, to say that of all the scientists or people with any know-how that we had working on this, it had not developed before. It is an example of how some brand-new fact can arise right in the middle of a year and make a tremendous change in a carefully worked out program.

Senator ELLENDER. Do you know of any other projects or things that are being done that may result in further savings? That is, things on which you are experimenting?

Mr. SHUGG. Not that have been identified. We would not take just a gleam in somebody's eye and allow it to cancel out something that we need.

This process has been proven through several pilot plants. I know of no other particular effort.

I would like to ask, if I may, to have Dr. Pitzer speak to that or Dr. Smyth.

Senator ELLENDER. The reason for the question is probably to agree with the House that you might be able to take this cut—that is, we in the Senate would go along with the House.

Mr. SHUGG. There is always that possibility, sir, and we are very glad to be able to produce this reduction here and to show that once in a while our research does pay off. We also must admit that we do not know all of the other things. We have just got to wait to see what the pluses or minuses are.

Chairman McKELLAR. Do you have any further questions, Senator?

Senator ELLENDER. No.

Chairman McKELLAR. Does this justification go into the record?

Mr. SHUGG. There are two forms, Mr. Chairman. One is an unclassified form which is perfectly reproduceable for the record, and the other one is marked secret.

Chairman McKELLAR. That one need not go in.

Mr. SHUGG. All right, sir.

Chairman McKELLAR. Is there anything further you want to say, gentlemen?

Mr. PIKE. Perhaps this might be said: As you know, we are under a new set of pressures.

Chairman McKELLAR. Are there any further questions, gentlemen?

Senator McCLELLAN. No question.

Senator ELLENDER. I have one question. This House Document No. 456 does not include the justification for TVA, does it?

Mr. SHUGG. No, sir. Mention is made of it in there only.

Chairman McKELLAR. If there are no further questions, I would like to say that we are very much obliged to you for having come down, gentlemen; thank you very much.

We will next hear from Senator Johnson on the San Luis Valley project in Colorado.

Very well, Senator Johnson, you may proceed.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

STATEMENTS OF HON. EDWIN C. JOHNSON, UNITED STATES SENATOR FROM THE STATE OF COLORADO, AND KENNETH MARKWELL, ASSISTANT COMMISSIONER, BUREAU OF RECLAMATION, DEPARTMENT OF THE INTERIOR

PLATORO UNIT, SAN LUIS VALLEY PROJECT, COLORADO

JUSTIFICATION

Chairman McKELLAR. The justification for reclamation fund, special fund, construction, San Luis Valley project, Colorado, will go into the record at this point.

(The justification is as follows:)

Reclamation fund, special fund, construction, San Luis Valley project, Colorado
(H. Doc. 455)

Request for 4 months from March through June 1950 (to remain available until expended).....	\$630, 000
Appropriation to date.....	¹ 1, 171, 352
Obligations to Dec. 31, 1949.....	1, 102, 392
Expenditures to Dec. 31, 1949.....	972, 444
Budget estimate next fiscal year.....	1, 839, 000
Employment:	
Average number, current appropriation.....	87
Number involved this estimate.....	0
Actual employment, Dec. 1949.....	90

¹ No appropriation received fiscal year 1950. The amount of \$1,171,352 is a carry-over balance.

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The supplemental funds of \$630,000 requested for fiscal year 1950 will be needed for work preparatory to and in connection with prime contract and to liquidate contract earnings under the prime contract for construction on the Platoro Dam, which contract was awarded on May 5, 1949. Repayment of irrigation construction costs of Platoro Dam and Reservoir in the amount of \$2,520,000 is provided for in the repayment contract of March 31, 1949, with the Conejos Water Conservancy District.

The urgency of this supplemental is based on the necessity of avoiding stoppage of contract work now in progress if additional funds are not granted for fiscal year 1950.

Supplemental estimate of appropriation, fiscal year 1950

Obligations by objects	1949 actual	1950 estimate	1951 estimate
DIRECT OBLIGATIONS			
10 Lands and structures		\$630,000	
Total direct obligations		630,000	

Schedule of construction program, fiscal year 1950

Program item	Total estimated cost	Cost to June 30, 1949	Program current year 1950			Balance to complete
			Regular budget	Estimated supplemental budget	Total budget	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Platoro unit: Development of project plan	\$211,000	\$210,000	\$1,000		\$1,000	
Joint facilities:						
Platoro Reservoir and Dam	3,967,000	113,000	1,039,500	\$630,000	1,669,500	\$2,184,500
General property	11,000					11,000
Operation and maintenance during construction	11,000					11,000
Construction facilities	360,000	118,213	220,000		220,000	21,787
Charged to permanent property (or salvage)	-360,000	-48,213	-100,000		-100,000	-211,787
Materials and supplies		2,000	-1,000		-1,000	-1,000
Subtotal, Platoro unit	4,200,000	395,000	1,159,500	630,000	1,789,500	2,015,500
Rio Grande division: Development of project plan	700,000	383,485	57,000		57,000	259,515
Joint facilities:						
Wagon Wheel Gap Reservoir and Dam	33,320,000					33,320,000
General property	100,000					100,000
Operation and maintenance during construction	249,000					249,000
Materials and supplies		6,000				-6,000
Subtotal, Rio Grande division	34,369,000	389,485	57,000		57,000	33,922,515
Mogote unit: Development of project plan	300,000	239,835				60,165
Irrigation facilities: Mogote diversion works	4,539,000					4,539,000
Subtotal, Mogote unit	4,839,000	239,835				4,599,165
Weminuche Pass division: Development of project plan	15,000		1,500		1,500	13,500
Irrigation facilities: Weminuche Pass diversion works	648,000					648,000
Subtotal Weminuche Pass division	663,000		1,500		1,500	661,500
Closed Basin division: Development of project plan	160,000	102,000	16,000		16,000	42,000
Irrigation facilities: Closed Basin drains	915,000					915,000
Subtotal, Closed Basin division	1,075,000	102,000	16,000		16,000	957,000
Total construction costs	45,146,000	1,126,320	1,234,000	630,000	1,864,000	42,155,680
Obligation not in cost		62,738	-62,648		-62,648	-90
Total obligations	45,146,000	1,189,058	1,171,352	630,000	1,801,352	42,155,590
Prior years unobligated balance			1,171,352		1,171,352	
Allotment requirements				630,000	630,000	42,155,590

AMOUNT REQUESTED FOR PLATORO DAM AND RESERVOIR

Senator JOHNSON. Thank you, Mr. Chairman. I desire to plea for a deficiency appropriation for Platoro Dam and Reservoir.

The Congress has authorized the building of the Platoro Dam and Reservoir in the San Luis Valley of Colorado. A contract was entered on May 5, 1949, and awarded for the construction of this dam at a price of \$2,727,792.

AVAILABILITY OF FUNDS

The contractor right from the very beginning has made better progress on the construction of this dam than was estimated by anyone, even himself, and far greater progress than was estimated by the engineers. Therefore, the money which was available for the building of that dam has been pretty largely used up. As a matter of fact, on July 1, 1949, there was \$797,000 available; on December 30, there was a balance of \$177,000 which must take care of all construction until June 30, when the regular appropriation bill should become effective.

This dam is being built at an altitude of 10,000 feet, where the winters are long and the climate is cold especially in the wintertime. They stopped work in December and will not be able to resume work until about April 1, but on April 1 they will be ready to go.

As I have said to this committee on more than one occasion, after we once start on the construction of a reservoir and a dam, there is no economy in not providing the money as fast as the contractor can use it. That fact is very obvious to all since the sooner the project is completed the sooner it can begin to serve, and the sooner the repayments come in from the settlers. It is just good business to push projects along, not overpush them, but push them along as fast as possible within the limits of the efficient use of the funds provided.

CONGRESSIONAL ACTION IN 1949

We realized last year that there was not money enough set up in this project to carry it through to June 30, 1950, so this committee placed in two different appropriation bills an item for \$250,000 to carry this project through June 30, 1950. May I read now a short paragraph from the report of this committee which was made on the Interior Department appropriation bill for 1950, when you included an item of \$250,000. The House took it out in conference twice. It went in twice last year, and it was taken out twice. This is what this committee stated in their report on the bill:

The committee was advised that the contract has been awarded for construction of Platoro Dam, which is the key structure of this project, and that the contractor has estimated that his earnings will exceed the funds available by \$250,000. This project has been delayed for some 10 years due to unavoidable circumstances.

Mostly connected with the war—

And now that construction has started, the committee feels that the work should go forward as rapidly as possible, especially in view of the fact that at best several years will be required to complete the Platoro Dam.

AMOUNT REQUESTED

We are asking at this time that \$630,000 be added in this deficiency bill which will carry this construction work forward until June 30, when the regular appropriation bill will come along.

Senator CORDON. Is there an item in the regular appropriation bill for it?

Senator JOHNSON. There will be an item, yes, because the Bureau of the Budget has approved an appropriation for the project.

Senator CORDON. I was wondering what the budget estimate was.

Senator JOHNSON. I have the budget estimate.

Chairman McKELLAR. How much did the Budget approve?

Senator JOHNSON. The Budget approved for the deficiency bill, \$630,000.

AMOUNT ASKED FOR 1951

Chairman McKELLAR. How much for the regular bill?

Senator CORDON. Could we not get that information right now from Mr. Markwell?

Senator JOHNSON. I have it here; I will be glad to give it to you. It is \$1,839,000. That is the allotment for 1951.

Senator CORDON. That is in the budget estimate.

Senator McCLELLAN. As to this deficiency amount you are asking for, would that have any impact on the appropriation for the next fiscal year? Would it reduce that any?

Senator JOHNSON. I do not think so because the size of the appropriation for 1951 is based on the rate of progress that the contractor can make.

TOTAL ESTIMATED COST OF PLATORO PROJECT

Senator McCLELLAN. What is the total estimated cost of the project?

Senator JOHNSON. The total contract is \$2,727,792.

Senator McCLELLAN. How much have you had appropriated for it to date?

Senator JOHNSON. This \$630,000, I may say, will have an impact on the following years. Of course, it will not have to be expended twice.

AMOUNT APPROPRIATED TO DATE AND UNOBLIGATED BALANCE

The amount appropriated to date, not including the \$630,000, is \$2,360,350.

The unobligated balance as of June 30, 1949, was \$1,171,352.

Senator CORDON. What date is that unobligated balance of \$1,171,352?

Senator JOHNSON. June 30, 1949.

Senator GURNEY. Since then you have spent most of that?

Senator JOHNSON. Since then they have spent all of it except \$177,000.

TOTAL COST OF COMPREHENSIVE PROGRAM

Senator GURNEY. The total cost of the project is \$45,146,000?

Senator JOHNSON. That is the total project, the total cost of the so-called San Luis project, but this one dam will cost \$4,200,000.

Chairman McKELLAR. The total estimated cost is \$45,146,000.

Senator JOHNSON. That is the whole San Luis Valley project; that is not this one reservoir and dam. This dam is \$4,200,000.

Senator McCLELLAN. What you have already spent, and what your budget is approved for next year will complete it, will it not?

Senator JOHNSON. Of course, there is one little difficulty here. The \$1,171,352 was spent on the whole San Luis Valley project. It contains several different projects.

Senator McCLELLAN. It is not confined to this thing?

Senator JOHNSON. It is not confined to this particular project; no, sir.

Senator McCLELLAN. What I was driving at particularly is one thing, Senator; I may have misunderstood the cost of this particular dam, but it seemed to me with the amount that the budget has approved for it for next year, with the amount you had expended, that was going to practically complete the project.

Senator JOHNSON. No, it would not complete the project.

Senator McCLELLAN. Or this particular unit here.

Senator CORDON. When that dam is completed, is there anything except a completed dam? In other words, is it usable in any way?

Senator JOHNSON. Yes; it is.

Senator CORDON. Without completion on the balance of the project?

Senator JOHNSON. It will add supplemental water to approximately 86,000 acres of land as an individual project.

Senator CORDON. Is this just work that has been done on \$45,000,000 worth of work by that amount of money, or does it represent work that will result in a completed unit that can immediately be usable?

Senator JOHNSON. That is correct. It will result in a completed unit which will immediately render service.

EFFECT OF INADEQUATE FUNDS

Senator McCLELLAN. Do I understand that this is premised, the asking for this deficiency amount, upon the theory that unless it is granted, not only the work will be slowed down, and restarted, but that it will not permit construction and that it will be false economy not to go on and carry on the work?

Senator JOHNSON. That is right. It will cost a great deal and cause a great loss to the contractor because he will have to shut down his work right in the middle of the summer when it is very important that the work be pressed. He will have to wait until July 1 before he can begin again. It will probably delay the project 1 year unless it is appropriated. Now, that does not seem reasonable, but it is, because out there we have short summers and we have to work fast during summer and this contractor is ready to go ahead and ready to go ahead very rapidly. I do not criticize the action of the House, but they made a great mistake when they deleted that \$250,000 item

last year. There is no economy in stringing funds out at a slower pace than the contractor can use them efficiently.

Senator McCLELLAN. That is the part that would have tided it over?

Senator JOHNSON. It would have gone a lot farther toward tiding it over.

\$630,000 is now estimated to be needed to keep the contractor going in good shape and as fast as construction obstacles permit him to go. It is not a cost-plus proposition; it is a firm contract.

EFFECT OF BUDGET REDUCTIONS FOR CERTAIN FLOOD-CONTROL PROJECTS

Senator McCLELLAN. I want to make this observation in connection with this project: In the course of the hearings this week, and during the past week or two, on this civil-functions appropriation bill, it developed yesterday that, as I recall, out of 110 projects that are now in the course of construction, the amount the Budget Bureau has recommended for the next year for 28 of those projects, is below the amount required to carry construction on, on a practical economic basis. That is the situation we are confronted with here, not only as to this project, but as to 28 of the 110 of the rivers and harbors for the next fiscal year.

Senator CORDON. Mr. Chairman, I wonder if we could hear from Mr. Markwell. It looks to me as though he would have the engineering information I am asking for.

Which items of the over-all San Luis Valley project have absorbed the million-odd dollars that according to Senator Johnson have been spent with particular reference to the amount that have been spent for construction, as distinguished from planning any of its aspects?

PROJECTS FOR SAN LUIS VALLEY

Senator JOHNSON. I do not think there has been any construction on the San Luis project outside of the Platoro Dam. There are four different projects, in this San Luis Valley reclamation project.

One is the Wagon Wheel Gap dam and reservoir, the Weminuche transcontinental division canal, and then there is the closed basin drain project, which is a project that opens up a lot of other underground water that has been stored up there by nature, which it recovers for use again.

Mr. MARKWELL. Senator Cordon, I can give you the figures immediately. The total cost of the planning work to June 30, 1949, is \$1,189,058. This amount is a part of the figure which Senator Johnson gave you.

The cost to June 30, 1949, for necessary construction planning of the Platoro dam and reservoir, which is in the division we are talking about, is \$210,000 and is part of the previous figure I just stated. Other preparatory work on the Platoro unit have required an expenditure of \$185,000.

The balance of the \$1,189,058 has been spent on the other three units of the Senator's project.

Senator McCLELLAN. Getting plans ready for them?

Mr. MARKWELL. That is right, sir.

Senator CORDON. What have you spent for construction on those?

Mr. MARKWELL. Roughly, around \$600,000 on Platoro Dam, and that is the only money which has been spent for construction.

PLATORO CONSTRUCTION COST

Senator GURNEY. Have you spent any money for construction on the Platoro unit?

Senator JOHNSON. Yes; that is the only one.

Senator GURNEY. \$630,000 out of this \$1,189,058?

Mr. MARKWELL. Well, approximately \$600,000 was spent between June 30 and the middle of the summer when the project slowed down.

DEFICIENCY REQUEST APPROVED BY BUREAU OF BUDGET

Senator GURNEY. May I ask, Senator Johnson, as to this \$630,000 you are asking now, is that approved by the budget? Do we have a deficiency request for it?

Senator JOHNSON. Yes; there is a deficiency request for it. On page 13 it reads: "San Luis Valley project, Colo., \$630,000."

Senator GURNEY. Will that \$630,000 in this supplemental request from the budget be deducted from the 1951 budget amount?

DEFICIENCY AMOUNT WOULD BE DEDUCTED FROM 1952 BUDGET

Senator JOHNSON. It will be deducted from the 1952 budget.

Senator GURNEY. If we appropriate this \$630,000, we cannot plan then on reducing the 1951 figure in the bill by that amount?

Senator JOHNSON. No.

AMOUNT REQUESTED FOR 1951

Senator GURNEY. And the 1951 budget is \$1,839,000. I think I have the picture now.

Senator JOHNSON. I wanted to say that Senator Millikin associates himself with me in this request. He was not able to be here this afternoon, and he asked me to speak for him as well. He is entirely familiar with the project, actively interested in it and if he were here, he would more eloquently than I can state it endorse the request for this supplemental or deficiency appropriation.

Senator CORDON. May I inquire as to the San Luis project, whether the House had any comment with reference to the matter in its report when it took action?

Mr. MARKWELL. In reference to the San Luis Valley, Senator Cordon, we were heard on this item as well as the Lewiston Orchards item, immediately following the regular hearings. That came after the First Deficiency Bill had passed the House.

Senator GURNEY. When? Last year or this year?

Mr. MARKWELL. This year.

Senator CORDON. In other words, the House deficiency subcommittee did not hear you on these subjects at all in time to have acted on and put the item in this urgent deficiency bill; is that correct?

Mr. MARKWELL. That is correct, sir.

Senator JOHNSON. But the House did delete the \$250,000 twice last year from regular appropriation bills.

Mr. MARKWELL. This request for supplemental has the support of the Bureau of the Budget, whereas the request last year did not have the support of the Bureau of the Budget.

Chairman McKELLAR. Are there any further questions, gentlemen?

Very well, thank you, Senator Johnson, for coming down.

Senator JOHNSON. Thank you. I appreciate having had the opportunity to be heard and Senator Millikin will thank you also.

Chairman McKELLAR. The next item we have to take up is "Reclamation fund, special fund, construction, Lewiston Orchards project, Idaho.

**HON. GLEN H. TAYLOR, UNITED STATES SENATOR FROM THE
STATE OF IDAHO, AND KENNETH MARKWELL, ASSISTANT
COMMISSIONER, BUREAU OF RECLAMATION, DEPARTMENT
OF THE INTERIOR**

LEWISTON ORCHARDS PROJECT, IDAHO

JUSTIFICATION

Chairman McKELLAR. Without objection, the justification for this item will be included in the record at this point.

(The justification is as follows:)

Reclamation fund, special fund, construction, Lewiston Orchards project, Idaho

Request for 4 months from March through June 1950 (to remain available until expended).....	\$245, 600
Appropriation to date ¹	257, 029
Obligations to Nov. 30, 1949.....	199, 643
Expenditures to Nov. 30, 1949.....	119, 366
Employment:	
Average number, current appropriation.....	19
Number involved this estimate.....	0
Actual employment, December 1949.....	17

Budget estimate next fiscal year: None if supplemental requested herein is approved by the Congress.

¹Includes a carry-over balance of \$7,279.

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

With the supplemental funds of \$245,600 it is proposed to complete the water-treatment plant and construct the clear-water reservoir and make the connection to reservoir A, thus completing all features of the project and turning them over to the water users for operation and maintenance. By early completion of the project, a savings of approximately \$30,000 will be realized by reduction of overhead costs. The provision of supplemental funds would also insure that all commitments between the United States and irrigation districts will be met and the project would be completed within the \$2,500,000 repayment contract ceiling.

The urgency of this supplemental is based on the necessity of avoiding stoppage of contract work now in progress if additional funds are not granted for fiscal year 1950.

If the supplemental funds requested for fiscal year 1950 are provided by the Congress, the appropriation request for construction and rehabilitation appearing on page 155 of the subcommittee print for fiscal year 1951 should be amended to read \$320,521,500 instead of \$320,767,100, a reduction of \$245,600, which is the fiscal year 1951 allotment request for Lewiston Orchards project, Idaho.

Obligations by objects

	Direct obligations	1941 actual	1950 estimate	1951 estimate
10	Lands and structures.....	-----	\$245,600	-----
	Total direct obligations.....	-----	245,600	-----

Schedule of construction program, fiscal year 1950

Program item (1)	Total estimated cost (2)	Cost to June 30, 1949 (3)	Program current year 1950			Balance to complete (7)
			Regular budget (4)	Estimated supplemental budget (5)	Total budget (6)	
Joint facilities:						
Webb Creek diversion dam.....	\$35,000	\$35,000	-----	-----	-----	-----
Sweetwater diversion dam.....	12,000	12,000	-----	-----	-----	-----
Webb Creek flume replacement.....	176,000	176,000	-----	-----	-----	-----
Sweetwater flume replacement.....	48,000	48,000	-----	-----	-----	-----
Sweetwater sand trap.....	15,000	15,000	-----	-----	-----	-----
Sweetwater siphon.....	28,000	28,000	-----	-----	-----	-----
Main 36-inch supply line.....	100,000	90,865	\$9,135	-----	\$9,135	-----
Reservoir A outlet works.....	60,000	-----	1,500	\$58,500	60,000	-----
Subtotal, joint facilities.....	474,000	404,865	10,635	58,500	69,135	-----
Irrigation facilities:						
Main pipe line.....	346,000	108,492	237,508	-----	237,508	-----
Irrigation distribution system.....	683,000	538,555	144,445	-----	144,445	-----
Subtotal, irrigation facilities.....	1,029,000	647,047	381,953	-----	381,953	-----
Domestic water facilities:						
Domestic distribution system.....	567,000	404,285	162,715	-----	162,715	-----
Water-treatment plant and clear-water reservoir.....	429,974	100,577	142,297	187,100	329,397	-----
Subtotal domestic water facilities.....	996,974	504,862	305,012	187,100	492,112	-----
Construction facilities.....	26,000	26,000	-----	-----	-----	-----
Charged to permanent property or salvaged).....	-26,000	-19,888	-6,112	-----	-6,112	-----
Materials and supplies.....	-----	94	-94	-----	-94	-----
Total construction costs.....	2,499,974	1,562,980	691,394	245,600	936,994	-----
Obligations not in costs.....	-----	434,365	-434,365	-----	-434,365	-----
Total obligations.....	2,499,974	1,997,345	257,029	245,600	502,629	-----
Appropriation: Actual.....	-----	-----	249,750	-----	249,750	-----
Prior-years unobligated balance.....	-----	-----	7,279	-----	7,279	-----
Appropriation requirement.....	-----	-----	-----	245,600	245,600	-----

Chairman McKELLAR. I believe Senator Taylor wishes to be heard on this project.

Will you proceed, Senator Taylor?

GENERAL STATEMENT

Senator TAYLOR. Mr. Chairman and gentlemen of the committee, before Senator Johnson gets away I want to say that I know that

San Luis Valley very well. It is a beautiful agricultural section, and years ago when I was in show business we played through that country and they were very kind to us. I hope we give that money to them.

About the only place that I know of that needs it worse than the San Luis Valley possibly is a place in Idaho, the Lewiston Orchards project. This is a matter of 3,838 acres, situated near Lewiston, Idaho, in a community called Lewiston Orchards. It is not a reclamation project in the usual sense of the word. They are not putting water on the land for settlers that will come in sometime in the future. People live there, these several thousand people of this community, and most of it is in small tracts or lots. Their water system went to pieces on them. It was put in in 1906, with wooden pipes. And at the present time the water is subject to contamination, and it goes to pieces on them regularly.

AUTHORIZATION

This project was authorized in 1947. A contract was entered into, a repayment contract, in the amount of \$1,990,000. It was later revised to \$2,500,000.

Work has been going forward on the project, but at this particular moment, from the best information I can get, they are now not working. The appropriation ran out and they quit working.

There was one man who had a contract and I talked to him when I was out there this fall. He was right in the middle of it. He did not want to stop and go home because he had a regard for the public Treasury and knew it cost a lot more money if he took his equipment away. He asked me, "If you were I, would you go ahead and finish this up when the money is not available?"

I told him that if I were a lawyer I would advise him no; but as a Senator representing the State of Idaho and those people out there and one who knew that the word of the Government was good, he probably would be safe in finishing that particular job, which he did do. He went ahead and finished it without waiting for the money on that particular contract.

He is not a big operator, and can ill afford to wait, I can well imagine.

This is a combination irrigation and water supply for this community of Lewiston Orchards. The work has been going on for at least several years since 1947. I was out there last fall and the streets are all torn up, ditches are everywhere, piles of dirt are everywhere, and there are children falling into the ditches and one thing and another. It is very inconvenient for these people who live there.

The appropriation, as I say, has run out and if we cannot get the additional money needed at this time, they will be unable to finish it this year, which means it will go over another year and the Reclamation Office will have to be maintained and additional costs charged against this project.

PROPOSAL WOULD ADVANCE 1951 FUNDS TO 1950

Senator CORDON. May I inquire, Senator Taylor, as to whether the supplemental request of \$245,600 represents only a request that the amount which appears in the regular 1951 appropriation bill be advanced at this time?

Senator TAYLOR. That is correct.

Senator CORDON. Rather than await action and expenditure next year?

Senator TAYLOR. That is correct.

Senator CORDON. May I make one more question: Does that complete the project?

Senator TAYLOR. That completes the project.

WATER USERS REPAY PROJECT COSTS

Senator CORDON. And this is a project, if I remember correctly, and you may correct me if I am wrong, where there will be an outstanding contract for the water users to repay the whole?

Senator TAYLOR. Yes; repay the whole business. The sooner it is finished, the sooner it starts.

Senator CORDON. Senator Gurney, this is similar to one of the reservoirs in South Dakota. Rather than waiting for the beginning of the fiscal year, they are requesting it now and this amount will be deducted from the request for the regular appropriation.

Senator TAYLOR. That is correct.

Senator GURNEY. That is the same idea I had in the program I talked about yesterday in the civil functions bill.

Chairman McKELLAR. Are there any further questions, gentlemen?

Thank you, Senator Taylor, for coming down.

Senator TAYLOR. Thank you, Mr. Chairman, and gentlemen of the committee.

Chairman McKELLAR. Mr. Markwell, was there anything you wanted to add?

PROJECT COMPLETED BY CONTRACTOR

Mr. MARKWELL. On the Lewiston Orchards project, Mr. Chairman, Senator Taylor has made, I think, a very complete presentation, and there is very little that I can add except to emphasize one point: that the contractor has gone ahead and in good faith, although legally the United States is not obligated to pay him until funds become available. He has completed the contract, and when the funds do become available he will be due \$60,000. In other words, he has completed his contract in order to avoid extra expense, and we owe him \$60,000.

COST FOR POSTPONEMENT OF PROJECT

The other point I would like to make is that if we do have to stay in a shut-down condition and keep the skeleton organization there, it will increase the cost by an estimated \$30,000, which will be over the amount of the repayment contract.

I think this very clearly falls within the category of an emergency, and it would be very good business if the committee would allow the money.

Senator HAYDEN. The money, as Senator Cordon says, is to be deducted from the regular annual appropriation. This is simply advancing money on the appropriation.

Mr. MARKWELL. Yes.

Senator CORDON. This is a final appropriation, whether they get it now and continue to work or get it 2 or 3 months from now and shut

it down now and open it up again in June and spend the money the next few months after that.

Mr. MARKWELL. That is correct.

Chairman McKELLAR. Are there any other questions?

Senator GURNEY. Did you want to talk about the Platoro project, Mr. Markwell?

Mr. MARKWELL. Yes, if there are no further questions on Lewiston Orchards.

PLATORO DAM AND RESERVOIR

Mr. MARKWELL. Senator Johnson has covered the San Luis project very thoroughly. I can think of only one item to add. That is that the repayment contract for the Platoro Dam has already been signed, and they are awaiting for the water. If we do not receive the supplemental appropriation, the project will be delayed, roughly, 1 year because of a short working season, and the necessity of completing certain works for the diversion of the water at the time of the spring floods.

That accounts for 1 year's delay.

Senator GURNEY. Further will you say that the full cost of the Platoro project is \$4,200,000? If you get this \$630,000 that Senator Johnson talked about and the 1951 amount, \$1,839,000, then you will have taken at least another construction year to complete it, will you not?

Mr. MARKWELL. Yes, sir.

Senator GURNEY. And that will give you a total in 1951 of \$2,600,000, just estimated. That leaves you about \$1,600,000 for construction in the calendar year of 1952.

COST TO COMPLETE PLATORO PROJECT

Mr. MARKWELL. Yes, sir, we will need \$346,500 to complete the Platoro unit in 1952 if the full amount of the supplemental requested for 1950 and the allotment requested for 1951 are allowed.

There will of course be other funds requested for the continued investigation of the other three units. I have referred only to the Platoro Dam.

Senator ELLENDER. That is for the \$630,000?

Mr. MARKWELL. Yes, sir, that is the supplemental we requested for 1950.

ESTIMATED ADDITIONAL COST FOR POSTPONEMENT OF PROJECT

Senator ELLENDER. Suppose the Congress should not act favorably? How much more would it cost to complete that project?

Mr. MARKWELL. I do not have a specific estimate. I would be glad to hazard a guess if you would like. I imagine it would be in the neighborhood of \$150,000 or \$200,000.

Senator ELLENDER. More?

Mr. MARKWELL. More. It is very costly to close down and open up a job both for the contractor and for the Government forces. They have to be dispersed and gathered together again.

Chairman McKELLAR. Is there anything further?

Mr. MARKWELL. I have nothing further.

Chairman McKELLAR. Very well, sir. Thank you very much.

Mr. MARKWELL. Thank, you gentlemen.

BUREAU OF INDIAN AFFAIRS

STATEMENTS OF JOHN R. NICHOLS, COMMISSIONER, INDIAN AFFAIRS; JOHN H. PROVINSE, ASSISTANT COMMISSIONER, INDIAN AFFAIRS; W. BARTON GREENWOOD, EXECUTIVE OFFICER, BUREAU OF INDIAN AFFAIRS; MISS LUCILE AHNAWAKE HASTINGS, CHIEF, WELFARE SECTION, WELFARE AND PLACEMENT BRANCH, BUREAU OF INDIAN AFFAIRS

WELFARE OF INDIANS

JUSTIFICATION

Chairman McKELLAR. Next we will hear from the Bureau of Indian Affairs, concerning an increase of \$100,000 in the appropriation, the justification for which will be inserted in the record at this point, without objection.

(The justification is as follows:)

WELFARE OF INDIANS

(Estimate \$903,000; act, \$900,000)

(P. 2, line 23)

Page 3, line 2 strike out "\$803,000" and insert in lieu thereof "\$903,000," an increase of \$100,000 in the appropriation.

House report

The budget for 1950 requested \$604,000 for welfare of Indians. The appropriation enacted amounted to \$900,000 for 1950, the increase over the budget request being to provide for additional public-assistance payments. Notwithstanding this history, the Indian Bureau now finds itself drastically short of funds and a supplemental estimate of \$803,000 has been presented. Review by the committee reveals an urgent need for the supplemental request, and its approval is recommended. The Secretary of the Interior should insist that the Bureau of Indian Affairs so manage its affairs as to avoid recurrence of such negligent budgetary planning.

Justification

This amendment adds an item of \$100,000 for the purpose of providing relief for an increased emergency case load of approximately 10,000 Indians. This increased case load is due directly to the unusually severe weather conditions that have prevailed for more than a month in the Midwest.

These conditions have imposed unusual hardship on Indians living in the States of Montana, North Dakota, and South Dakota. The supplemental estimate submitted by House Document 456 in the amount of \$803,000 pointed out that additional assistance would be required should severe blizzard weather prevail.

Owing to losses suffered during the blizzard period last year, the poor crops resulting from drought and insect infestations, and to a decline in employment opportunities, the Indians in those States entered the current winter season ill-equipped to meet even normal winter conditions. The extraordinary weather that has prevailed has made it impossible, therefore, for them to meet their minimum requirements with a normal amount of assistance from the Bureau of Indian Affairs.

In an effort to ameliorate suffering and to prevent deaths from a lack of food and fuel, the Bureau has allocated to date from its welfare appropriation \$25,300 to Indian agencies in the Montana area and \$151,000 to agencies in the Dakota area above the amounts initially made available to those areas. This it has been able to do by diverting amounts apportioned for the last quarter of the year for all welfare purposes at all field jurisdictions. It has now reached the point where no additional funds can be provided.

Field officials estimate that the increase in the relief case load for the month of February will be 10,500 persons. This estimate is based on an average increased emergency case load of 10,000 Indians for a period of 30 days in the affected areas.

GENERAL ASSISTANCE TO INDIANS

Chairman McKELLAR. Very well, Mr. Nichols, will you proceed?

Mr. NICHOLS. Mr. Chairman and gentlemen of the committee, I want to explain first that for the welfare of the Indians we allow only money for an expected normal load. Now we have unfortunately had blizzards, high winds, and low temperatures in the North Central and Western States, that is, in the Dakotas and especially in Montana, and in Wyoming.

Chairman McKELLAR. You have had some weather out there.

Mr. NICHOLS. Yes; unusually bad, but not as bad as the year before. We are not only suffering from loss of feed and cattle and a lower birth rate in the remaining cattle from the disastrous blizzard of last year, but we are suffering from a new one now this year which makes emergency conditions. That, in brief, is the reason for asking for this additional \$100,000.

We have found that the case load has increased so much out there that we cannot pay \$25 per month. That is the standard amount for the support of a person in need for a month on the old basis.

In the first 6 months we averaged \$12.20 apiece, and we decided that Indians are now American citizens, and whatever the Federal Government allows for non-Indians, namely, a \$25 a month average payment, we should be allowed to make too. That increase as to the standard amount of \$25 a month, plus the recent blizzard, is what has caused this increase requested here.

Senator GURNEY. Mr. Nichols, the House allowed \$803,000 in this item, and now you are coming in with a supplemental of an additional \$100,000; is that correct?

Mr. NICHOLS. That is correct.

Senator GURNEY. Did you have any opportunity to give your testimony on the \$100,000 to the House committee?

Mr. NICHOLS. Mr. Greenwood?

Mr. GREENWOOD. No, Senator, the estimate was not before the House committee.

Senator GURNEY. What is this \$100,000 supplemental?

Mr. GREENWOOD. That is to take care of the emergency conditions that arose after the preparation of our \$800,000 estimate.

SEVERE WINTER IN WEST PRODUCES EMERGENCY CONDITIONS

Senator GURNEY. I know conditions, at least in my State of South Dakota, have been bad, unofficial newspaper stories say that the month of January was the coldest in our history on the average. That is, the average temperature has been colder, and it has been colder on special days and nights, but the average temperature for January, the newspapers say, is the coldest in our history. It was way below zero and stayed for 30 days.

I am having numerous requests from the Indians on several reservations out there. I wonder, though, if there is anything in the record as to how serious it is and as to how this amount appropriated of

\$803,000 would actually be distributed to the different reservations over the Nation. Is there anything in the record already in the House hearings?

Mr. GREENWOOD. Not along that line, Senator.

Senator GURNEY. You did not break it down by States as to how the money would be distributed?

Mr. GREENWOOD. No; we broke it down by months and case load, not by States.

Senator GURNEY. As to this total request, the \$803,000 and the \$100,000, is that based on need because of severe weather?

Mr. GREENWOOD. No, sir; the \$100,000 is based on the emergency condition that has arisen. The \$803,000 represented our estimate made some 4 months ago of the amount needed to carry our normal relief load. That is, to carry it through the remainder of the fiscal year.

Senator GURNEY. What amount would be given for the North Dakota reservations and also for the South Dakota reservations? Do you have those amounts of the original \$803,000?

Mr. GREENWOOD. No; we do not have a break-down of that, but I can tell you what we have provided to date to the reservations in North and South Dakota, if you care to have that.

Senator GURNEY. All right; what is that?

Mr. GREENWOOD. I will have to give it to you by reservations.

Senator GURNEY. That is all right.

BREAK-DOWN OF DISBURSEMENTS TO INDIAN RESERVATIONS

Mr. GREENWOOD. Fort Berthold, the total allotment to date, \$85,000; Standing Rock, \$73,000; Turtle Mountain, \$52,000. Those are the North Dakota areas.

In South Dakota, Cheyenne River, \$11,000; Crow Creek, \$20,815; Pine Ridge, \$35,500; Rosebud, \$37,500; Sisseton, \$30,676, and Flandreau, \$800.

Senator GURNEY. Did you allocate that money from the 1950 appropriation?

Mr. GREENWOOD. Yes; from the 1950 appropriation. In order to provide that much money, we had to draw on funds that were originally apportioned for the last quarter of this fiscal year.

Mr. NICHOLS. Would you like that by case loads by reservations for South Dakota?

WELFARE SERVICES, RELIEF LOAD

Senator GURNEY. I was wondering how much more money they are going to get. If we appropriate the \$803,000 and the \$100,000, is there going to be a sizable amount still coming to the reservations up there?

Mr. NICHOLS. Yes; we think that will bear those case loads.

Senator GURNEY. Maybe if you just put those in the record at this point it will be all right.

Mr. NICHOLS. Let us give to the record the case load by States. (The information requested is as follows:)

February case load in North Dakota, South Dakota, and Nebraska, estimated by area directors

Agency:	Estimated case load due to severe winter
Montana:	
Blackfeet ¹	1, 575
Fort Peck ¹	600
Fort Belknap Consolidated.....	900
Northern Cheyenne.....	642
North Dakota:	
Fort Berthold.....	376
Standing Rock.....	1, 495
Turtle Mountain.....	860
South Dakota:	
Cheyenne River ¹	2, 556
Crow Creek.....	411
Pine Ridge.....	1, 183
Rosebud.....	2, 553
Sisseton.....	955
Flandreau.....	45
Nebraska: Winnebago.....	1, 645
Total.....	15, 796
Less estimate in supplemental appropriation ²	5, 390
Total.....	10, 406

¹ Normally use Tribal funds but limitation reached.² 77 percent of total estimated case load.

Mr. GREENWOOD. It shows an increase of 10,406 persons in our relief load above the normal estimate.

Senator GURNEY. Women, children, and babies?

Mr. GREENWOOD. Yes, sir; that is, all people needing assistance.

Senator GURNEY. All over the Nation?

Mr. GREENWOOD. No; those are just for Montana, North and South Dakota, and the Nebraska areas.

Mr. NICHOLS. May I say, as you already know, but I want to say it for the record, that we do not allocate this money out by States or even by reservations as such. We take the people who seem to need it and give them these standard amounts. Whatever it comes to, we do it.

Senator ELLENDER. How do you make the selections? This is an increase of ten-thousand-some-odd since when?

Mr. NICHOLS. Since the blizzard started.

Senator ELLENDER. What is the method of selecting the 10,000?

Mr. NICHOLS. When our investigators find they are just out of food and cannot find any work and they are out of fuel. It mostly goes for food, but some of it goes for fuel, and sometimes a little for clothing, blankets, or other household necessities.

Senator ELLENDER. What is the age limit of the selectees?

Mr. NICHOLS. There are no age limits at all. If they are not eligible for any other relief, we have to feed them.

Senator ELLENDER. Are they able-bodied men and able to work?

INDIAN EMPLOYMENT PROBLEMS

Mr. NICHOLS. Not if they cannot find employment. We have to make them work for them, really.

Senator ELLENDER. How do you ascertain whether or not they can find employment?

Mr. NICHOLS. We do our best to find them jobs, but you just cannot do it in the winter up there. When a big blizzard comes, they cannot get out of there; the roads are blocked. You have to feed them someway.

Senator ELLENDER. What effort is made by any of the selectees to obtain jobs?

Mr. NICHOLS. They work on the railroads and pick crops in the summer. A lot of them are not landowner Indians and do not have a place for farming or anything. When they are through working in the fields in the fall, picking up potatoes and working in the woods, they are soon broke.

Senator CORDON. They are assisted by you no matter how much they make; is that right?

Mr. NICHOLS. Yes, those who need it; but they do not make very much. As a matter of fact, they do stoop labor and such.

Senator CORDON. I read figures that run to a sizable amount.

Mr. NICHOLS. On the amount they make?

Senator CORDON. Yes.

Mr. NICHOLS. No; their average income there is much below that of the non-Indian in the same region.

Senator CORDON. Why?

Mr. NICHOLS. Because they are the first to be laid off and the last ones taken on, and they are generally doing unskilled labor.

Senator CORDON. What do they get, on an average, per day?

Mr. NICHOLS. Well, I would have to guess.

Senator CORDON. Do you mean you do not have any information in the Bureau of Indian Affairs on the subject?

Mr. NICHOLS. I say I would have to guess. I do not have it in my mind.

Senator CORDON. Do you have it in the Bureau of Indian Affairs? There should be some information with reference to the over-all matter.

If there has been any investigation at all, there should be something on it.

(The information requested is as follows:)

We find that the Indians in the area of the present emergency are able to find work for an average of only 16 weeks a year, and that they earn, on the average, only \$34 a week; making their total average annual cash earnings only \$544, which is the reason they need relief so badly each winter. These averages were computed from our latest reports from the following reservations: Cheyenne River, Crow Creek, Pine Ridge, Rosebud, and Sisseton, all in South Dakota; Turtle Mountain, N. Dak.; Winnebago, Nebr.; and Fort Belknap and Fort Peck, both in Montana.

Senator ELLENDER. Are there not a lot of people in those States who are not Indians and who are in the same dire circumstances? Are they not as badly off as many that you are now providing for?

Mr. NICHOLS. I do not think so much as the others. The studies we have made, especially in the Southwest, show that the Indians are in general below the standard of living of the other people.

REASONS FOR ASSISTANCE TO INDIANS

Senator ELLENDER. Why should the Indians be assisted more than the other people in similar circumstances? That is, poor people? Can you tell me that?

Mr. GREENWOOD. I think, Senator, that they are being taken care of also. The Governor of Montana found it necessary to declare a state of emergency in the 14 northern counties in Montana due to these weather conditions that we have mentioned.

I am sure they are finding it necessary to render emergency assistance to the non-Indians in the area.

The States of South Dakota and North Dakota have not found it necessary to go to that extreme, but emergency conditions do exist on the Indian reservations in those States.

Mr. NICHOLS. I want to answer Senator Ellender's question, if I may, in this way.

In my opinion, the Indian originally lived by hunting and fishing. In Montana and in the Dakotas there are many Indians who hardly even speak English. Those older Indians have never had a chance to learn, have never been to school, and they are practically unemployable. They know how to hunt and fish, and that is about all.

They go to the farms and do stoop labor, and they work in the woods.

Senator ELLENDER. They have never tried to improve themselves, have they? They just depend on the Government.

Mr. NICHOLS. It is difficult. In the early days, when the Army found it cheaper then to feed them than to fight them and therefore put them on reservations, the system of giving them rations in the winter became established. You are quite right; it has been a bad policy.

That leaves us with a heritage now of lots of Indians unemployed.

Senator ELLENDER. What you are talking about happened many years ago. You are feeding many people now who were born long since this so-called war you are talking about, and no effort is made by them to take care of themselves.

Miss HASTINGS. Most of these people are employed doing seasonal farm labor in the beet fields and potato fields. They work during the season.

Of course, the season does not last through the cold winter months. They make enough to take care of themselves while they are there and to take care of their families and dependents. They usually make enough extra to take something back with them. They will buy some clothing, some extra blankets, and some supplies.

But they seldom make enough to take them through the winter months until the seasonal work opens up again next spring. That is the extra load that we usually get in the wintertime.

Senator ELLENDER. How many months, as a rule, do you have to take care of them?

Miss HASTINGS. Some of them get along a little better and, according to what they make, for a longer period of time than others. Our case load starts increasing in December; and it gets to the highest peak in January, February, and March; and then, of course, to the lowest ebb in July.

Senator ELLENDER. When you say the lowest ebb is July, are we to understand that some are taken care of during the summer months also?

Miss HASTINGS. Those would be unemployable.

Senator ELLENDER. Totally?

CERTAIN INDIANS NOT COVERED BY LOCAL ASSISTANCE PROGRAMS

Miss HASTINGS. That is right. That includes those who are not old enough for old-age assistance, or they may be infirm.

But there are some others with dependent children that would not qualify for some reason or another for aid to dependent children. Since dependent children are under the program for social security, these are the ones who receive what is called general assistance in distinction to public assistance, that is, social-security assistance.

The States and the counties take care of non-Indians, and they all have a general assistance program. So does Washington, D. C., and so does New York, and so does every other city in every other State. But we have to take care of the Indians who cannot qualify for the social-security program.

We would like it if one day they would all come under the local programs, too, under that form of assistance.

Senator ELLENDER. I think something ought to be done soon on that score.

EMPLOYMENT OF INDIANS ON PUBLIC WORKS PROJECTS

Senator GURNEY. If I might just add a little to it, Senator Ellender, there are quite a few public works programs, such as these dams in Montana and Wyoming and New Mexico, North Dakota, South Dakota, any of those States, where we do get quite a few employees from the reservations.

But they are the husky, young fellows, from, say, 20 on up to 45 or 50, and they make good workers.

They are interested in the work and they are capable. Still, they are the heads of families, generally, and they are not quite as well adapted to civilized ways as we would like to have them.

When they do get this money, they live quite well, but hardly any of them take care of themselves all through the winter months.

The younger generation comes nearer to what is desired than the older ones. The older ones have families, too, youngsters, children. So we have those minors, and then the very old Indians that cannot work, or do not work, to take care of.

Then, of course, we also have during the very severe winters, families who are workers and have drawn good wages during the summer-time. Our Indian program has not been what it should have been over these past 75 years. There is no question about that.

But still, if you do not give them this money, they starve, that is right. That is all there is to it.

There is not any other place to get money for them.

Senator ELLENDER. I could see some justification for assisting the older ones who cannot help themselves, but, as you say, these able-bodied Indians can obtain work during the summer.

Senator GURNEY. Some of them.

Senator ELLENDER. Why not all?

Senator GURNEY. There is not any work for all of them.

Senator ELLENDER. Those who do get work live well, but they do not save their money, nor do they take care of the future. Why is that? It is because they know Uncle Sam is going to go in there and feed them when they need it.

It strikes me that something ought to be done to dispel from their minds the idea that we are going to keep on feeding them and that they can just go on and not save and spend all that they earn.

RELIEF COST PER INDIAN ON ADDITIONAL AMOUNT REQUESTED

Senator GURNEY. We have 10,000 Indians and you are asking for \$100,000. How much would that be per capita?

Mr. GREENWOOD. That would be \$10 per person.

Senator CORDON. That would be on top of the 800.

Senator ELLENDER. On top of that, I assume, you have the regular appropriation. That makes 32, 29, and 100.

1950 APPROPRIATION FOR EMPLOYMENT OF INDIANS

Chairman McKELLAR. In the Interior Department bill last year the Congress earmarked \$100,000 for labor among the Indian tribes and finding employment for them in order to give them work and reduce the relief load as much as possible.

Can you tell us what has been done under that? How has that money been expended?

Mr. NICHOLS. Dr. Provinse can tell you.

Mr. PROVINSE. That money did not become available to us until quite late in the fiscal year.

Chairman McKELLAR. What do you call quite late?

Mr. PROVINSE. The first of November, I think, before we were able to proceed to set up the offices. We have now in the Northern Plains region a placement organization in Aberdeen, one in Billings, and one in Minneapolis.

These people in charge of the offices are trying to locate jobs for the various Indian groups in those particular areas, working through the State employment offices.

So far the effort to recruit or to locate jobs has not been too successful. There is not very much work during the wintertime in any of the States, Montana or the two Dakotas, or Nebraska. So we are going to have to look outside of those particular States to get anything on other than a seasonal basis.

It is our hope that we can get some permanent employment for a fairly large number of these Indian people, particularly on some of the reservations where the resources are very limited, such as Turtle Mountain, where we have many more Indians than can be taken care of with the resources that are available to them.

It is true that they do go off for a few weeks in the fall and some of them make quite good wages, picking potatoes. The whole family will go out. I think you do find some figures of \$25 and \$30 a day made by the whole family picking potatoes. But it will only be for a limited period of time; for 6 weeks, or a month, something like that.

They do not get back to the reservation with very much. Nearly always they have to go back to the reservation because there is no housing for them to stay in these smaller towns. So that they become a problem back on the reservation for several months of the year.

We would like to overcome that trend and try to stabilize some of the people away from the reservations on all-year-round employment,

if we can. That is the effort that is being made with these placement offices at the present time.

APPLICATION OF FUNDS FOR EMPLOYMENT

Chairman McKELLAR. \$100,000 was under your control. You had charge of it. What was done with it?

Mr. PROVINSE. Actually, we have employed 10 people. We have worked out contracts with several States outside of the Southwest, where we had contracts before that, with the State employment offices, who are attempting to secure job opportunities for Indians away from reservations.

Chairman McKELLAR. How many jobs were secured with the \$100,000?

Mr. PROVINSE. I do not have a report on that so far. The offices did not get started until the first of January.

Chairman McKELLAR. You had the money in November. Has any part of it been spent?

Mr. PROVINSE. Yes; part of it has been spent.

Chairman McKELLAR. Can you tell us what it was spent for and to whom it went?

Mr. PROVINSE. Yes. It was spent for the employment of 10 people. We have one welfare person and one placement officer in five different offices at the present time. They are attempting to find out what the skills on the reservation among the Indians are so that we can make some kind of arrangement with the State offices in taking care of job opportunities that the State employment offices can find for us. That is what their activity has been so far.

All of the money has not yet been spent.

NEED FOR FUNDS TO INCREASE FUEL SUPPLY

Senator ELLENDER. Did not one of you gentlemen say that a good deal of this money is used to pay for fuel?

Mr. NICHOLS. Some of it; yes. Food is first, and then fuel and some clothing; also some for blankets or some other household necessities.

Senator ELLENDER. Would it not be possible for these Indians to accumulate a little fuel during the summer for the winter months?

Mr. NICHOLS. Yes; if there is timber nearby they can go out and do that. But in many places they have to buy coal. They are on these wind-swept high mesas and there just is not any timber around.

Senator ELLENDER. Is there no coal to be mined on the reservations?

Mr. NICHOLS. Except in a few places in the Dakotas, and there they do. They have their own mines and they do that.

But we do make these able-bodied people work, and some of them work by cutting timber for the aged or others so that they can have enough wood.

Senator ELLENDER. Have you ever thought of simply advancing them what you give them during the wintertime in the hope of getting it back from them in the summertime?

Mr. NICHOLS. Do you mean in money?

DISCUSSION ON DISTRIBUTION OF SALARIES BY ADVANCES IN WINTER

Senator ELLENDER. Senator Gurney says that most of them make quite a bit of money in the summertime and that they live well and spend it.

If you could work out a plan whereby you could advance them something in the wintertime in the hope of getting them to work it out in the summertime, I think you would be doing something creditable.

Mr. NICHOLS. I think it would be wonderful if we could do it, but I have to admit that, the fact is that on many reservations the Indians have leased their allotments of land to cattlemen or lumber men or to white farmers, and they have been paid 5 years in advance. So they are already 5 years in debt, let alone advancing any more.

Senator ELLENDER. Why did they do that? Could not they have managed that themselves and made more out of it than they obtained from leasing it?

Mr. NICHOLS. Most of them have no capital. They have little pieces of land, and they lease it to the white man and take their rental on it. The trouble is that they take their rental in advance, and it is all spent before the next period comes up.

Senator ELLENDER. That is the situation. I think they just feel that they can look forward to getting Uncle Sam to take care of them and they just go on haphazardly and are not trying to assist themselves.

Mr. NICHOLS. It is partly due to an historical precedent.

INDIAN EMPLOYMENT DURING WINTER MONTHS

Miss HASTINGS. Work is required, Senator Ellender, for the relief that is given the year around.

Senator ELLENDER. Do you mean in the wintertime?

Miss HASTINGS. Yes. Of course, in periods of very bad weather, such as the snowstorms, they do not, but when the weather gets a little milder, all who are able work.

Senator ELLENDER. What kind of work is that?

Miss HASTINGS. Sometimes it is janitor service; sometimes it is road building.

Senator ELLENDER. For whom?

Miss HASTINGS. At one of the schools, one of our day schools, stacking the wood, or that type of work, sweeping the floor. Sometimes they also work when they are making certain repairs on the roads.

Senator ELLENDER. On their own reservation?

Miss HASTINGS. Yes.

Mr. NICHOLS. They cut wood, too. They will go out and cut wood for other people, for widows, or people that cannot get any themselves.

Senator ELLENDER. When you say other people, do you mean Indians?

Mr. NICHOLS. Yes.

Senator CORDON. Mr. Chairman, I would like to ask one or two questions.

Chairman McKELLAR. All right.

Senator CORDON. I notice you are asking for \$100,000 more here, and you are predicating that upon an unusually severe winter in the Northwest.

Am I to understand from that that the \$803,000 which you asked for was requested to meet a known case load?

Mr. NICHOLS. Yes; a known estimated case load. This has jumped it up 10,000. We cannot ask for emergency money in advance. We have to ask for just what we think is the regular amount.

Senator CORDON. I am just looking at your record here for a minute.

Chairman McKELLAR. I would like for the gentleman who has charge of the \$100,000 to be good enough to furnish the committee with a statement as to what was done with it; as to whom it was paid, and give us the names of those to whom it was paid, and the amount of the salaries that were paid to them, and so on, and what got to the Indians.

Mr. NICHOLS. I would be glad to do that.

By the way, it was the Senate committee, you remember you were on it last year, Senator Ellender, which added this \$100,000 on the splendid record that was made with the Navajos in placing them in jobs.

We are very happy to thank you for it, and we think it is the best thing we can do to get these Indians off to work so that we would not have to depend on emergency relief year after year.

DISBURSEMENT OF FUNDS ON EMPLOYMENT OF INDIANS

There is not much to report yet, but we will be glad to give you a written report.

Chairman McKELLAR. I would like to have a report on that.

(The material requested, subsequently furnished, appears on p. 141.)

INDIAN RELIEF PROBLEM

Chairman McKELLAR. At this point I want to put in the record some letters and telegrams forwarded to me by Senator Milton R. Young concerning this matter, indicating that he is in favor of granting this relief to the Indians.

(The material referred to is as follows:)

UNITED STATES SENATE,
COMMITTEE ON APPROPRIATIONS,
February 10, 1950.

HON. KENNETH McKELLAR,
Chairman, Committee on Appropriations
United States Senate, Washington, D. C.

My DEAR SENATOR: Enclosed is a telegram which I have just received from Mr. Carlyle D. Onsrud, executive director of the North Dakota Public Welfare Board, concerning the Indian relief problem.

I am sure this will be of special interest to you, especially since H. R. 7207 has just been approved by the House.

With kindest personal regards,

Sincerely yours,

MILTON R. YOUNG,
United States Senator.

JAMESTOWN, N. DAK., February 9, 1950.

Senator MILTON R. YOUNG,
Senate Office Building, Washington, D. C.:

Please push \$800,000 Indian deficiency appropriation. Estimate \$306,000 needed food alone North and South Dakota, Nebraska rest fiscal year on a minimum basis. Fort Yates reports it can only give \$8.77 per month per person for food even if extra pending allocation is made for February. No chance to include fuel, clothing, as food is not even up to decent minimum. \$800,000 only one five thousandths of proposed ECA funds—situation grave—Washington reports about cold weather as prime cause inaccurate, misleading. Prime cause is no work, no resources—will be same every winter until root causes removed. Please do your best.

CARLYLE D. ONSRUD.

UNITED STATES SENATE,
 COMMITTEE ON APPROPRIATIONS,
February 10, 1950.

HON. KENNETH MCKELLAR,
*Chairman, Committee on Appropriations,
 United States Senate, Washington, D. C.*

MY DEAR SENATOR: Enclosed is a telegram which I have just received from Mr. John B. Hart, executive Director of the North Dakota Indian Affairs Commission, concerning the Indian relief problem.

I am sure this will be of special interest to you, especially since H. R. 7207 has just been approved by the House.

With kindest personal regards,
 Sincerely yours,

MILTON R. YOUNG,
United States Senator.

ROLLA, N. DAK., February 8, 1950.

MILTON R. YOUNG,
Senate Office Building, Washington, D. C.:

Minimum relief needs of North Dakota Indians probably will be sufficient for most of February. Seventy-five to one hundred thousand undoubtedly needed for North Dakota between March 1 and end of fiscal year.

JOHN B. HART,
Executive Director, North Dakota Indian Affairs Commission.

GENERAL ASSISTANCE GRANTS TO INDIANS

Senator CORDON. Mr. Chairman, I would like to call attention to some of the figures and the statements here. I am speaking now with reference to the \$803,000 item. The justification indicates that:

The appropriation contained in Interior Department Appropriation Act for 1950 for general assistance grants for needy Indians who are unable to obtain employment and who are not eligible for assistance under any other relief program will be completely exhausted in January—

and that means January of that year—

despite the fact that payments have been held to the very low average of \$9.12 in July to \$16.64 in December. These payments are considerably below the average old-age-assistance grant under the social-security program.

Beginning with January, the average payment has been increased to \$25 per month. An additional \$800,000 will be required to continue this program for the remainder of the fiscal year without making any provision for emergencies which may develop by reason of the severe winter now being experienced in the West. The remaining \$3,000 is for salary increase.

ANTICIPATED RELIEF EXPENDITURES PER PERSON

Am I correct in reaching the conclusion that your \$800,000 is predicated upon expending an average of \$25 per person?

Mr. NICHOLS. Yes.

Senator CORDON. And when you spend that that would be the same amount averaged through for a baby or a 2-year-old child, or a 10-year-old child, or a father or a mother or a bachelor or a spinster?

Mr. NICHOLS. It would not be the same amount in each case, but it will average that, yes, from old age to babyhood. It would be less for a baby and more for a head of a family.

Senator CORDON. But in December you were paying \$16.64; is not that right?

Mr. NICHOLS. Yes.

In fact, on the Navajo it got so low as \$8 a month.

Up in the Dakotas we find that people who have to buy fuel—and many of them do—need about three ricks of wood a month, and it takes \$5 a rick and they have to buy that or they will freeze to death in their little cabins. There is \$15 gone right there.

Senator CORDON. But you do not have them out cutting that wood in the summertime when they are doing nothing else.

Mr. NICHOLS. They are generally working in the fields in the summer. If they are near woods, it is all right, but there are a lot of them on the barren plateaus in the Dakotas.

Senator CORDON. Somebody has to cut the wood that they buy.

Mr. NICHOLS. Usually some other Indians cut it for them and sell it to them. But you cannot get a woman 70 years old to go out and cut wood.

Senator CORDON. I can understand that, but that comprises a handful as against your total number.

Speaking about getting special jobs such as janitor work, there is one janitor in each school, I might point out.

Miss HASTINGS. May I say, Senator, that most of this \$25 is really just enough for food and for clothing and for certain household supplies. That would include kerosene and soap and some bedding supplies. Fuel is only added when they cannot get it themselves.

It is not just a regular item in the budget, and it is only for those persons who are unable to provide it for themselves.

Mr. GREENWOOD. Senator, by far the greatest portion of our normal relief load represents unemployables. It is only during emergencies such as have been prevailing in certain Western States that we have any sizable number of employables that need assistance.

Senator CORDON. Could you furnish us with a statement at least as to areas of the number of unemployables and what that term means as you use it in the service?

Mr. GREENWOOD. Yes.

TABLE OF UNEMPLOYABLES AND UNEMPLOYED

Senator CORDON. We would like to know just where the line is between unemployables and those who are employable, but at the moment are unable to find employment.

Mr. GREENWOOD. We will be glad to do that.

(The information requested, subsequently furnished, appears on pp. 141 and 142.)

HANDLING OF INDIAN RELIEF CASES

Senator CORDON. Of course, if I understand this picture correctly, you furnish aid of various degrees. There may be a family which has plenty of wood, let us say, but is somewhat short on provisions.

Another may need both. Another may need only clothing, or what have you.

Mr. GREENWOOD. That is right.

Senator CORDON. But when you average that across the board for your complete case load of Indians, it represents \$25 per capita.

Mr. GREENWOOD. That is what we would like to pay.

Senator CORDON. That is what you will pay if you get this money; is that not correct?

Mr. GREENWOOD. That is correct, sir.

But that compared with an average of more than \$43 which is paid under the old-age assistance program.

Senator ELLENDER. Can you tell us what is the largest amount that would be paid to a family where the head of it is employable or is able to work. Let us put it that way.

Miss HASTINGS. May I answer this way, Senator? We use the State welfare department standard family budgets. They break each family budget down by sex and by age.

Mr. NICHOLS. She means family budget, not State budget.

Miss HASTINGS. Yes. Each State welfare department has a family budget for food and for clothing, and it is broken down according to age and sex requirements. Their home economists have worked it out. They have so much for the cost of food for a baby, and it is different according to age, all the way up to a grown person. They make a difference also for sex.

For instance, usually they make a larger allowance for food for a teen-age boy than they do for even a grown man or for a grown woman.

They also have it worked out on the same plan for clothing, and then they make a small allowance for the household supplies.

Therefore, in working out a budget on the need basis, we take the members of the household. We take their age and their sex. We use the same State welfare department budget, and we add up the food for those members and the clothing for those members.

We make a certain allowance for the household supplies, such as soap, and these other things, kerosene and so forth, and that is how we compute the budget.

Mr. NICHOLS. One reason why it is less than this \$45 for the non-Indians is that we attempt to furnish medical service. So that we don't have to give them an item for medical services as has to be done with other people.

Mr. GREENWOOD. And housing. We do not provide any money for their housing.

Mr. NICHOLS. We do not have to provide the rent.

Chairman McKELLAR. Are there any further questions?

CONDITIONS AT ROSEBUD RESERVATION

Senator GURNEY. I would just like to refer the members of the committee to the testimony taken by Members of the House on the same problem. On pages 12 and 13 is a very accurate description of

the conditions on the Rosebud Reservation. This is given by the Congressman from that district, who is very well informed on it, and tells about the efforts that have been made and made from my office to get surplus commodities from the Commodity Credit Corporation and get them to the reservation as fast as possible. That will help some, but the real need out there is set forth by Congressman Case.

We also have it in the bigger cities surrounding the reservations. They come there and they are not citizens of the town and nobody will help them. They are in very bad shape.

Mr. NICHOLS. In South Dakota they have to be a resident of the county for 90 days before they are eligible for any county assistance.

These Indians that work back and forth never stay in one place 90 days so that they never get eligible. That is around Rapid City and other places, even outside of Pierre, the State capital.

INDIAN POPULATION OF NORTH AND SOUTH DAKOTA

Chairman McKELLAR. How many Indians do you have out there?

Senator GURNEY. About 30,000 or 31,000 in South Dakota. I do not think there are that many in North Dakota.

Mr. PROVINSE. I do not think it is that many. There are about 18,000.

POOR LANDS CONTRIBUTE TO INDIAN PROBLEM

Senator GURNEY. They live in reservations right next to the Bad-lands country.

Mr. PROVINSE. Yes.

Senator GURNEY. A lot of them have good grazing land, but they have no cattle and they have no way of making money. A lot of them have no transportation to get to jobs if there are jobs, and there are no jobs close to the reservation.

Mr. NICHOLS. That is true.

Senator GURNEY. Transportation is the thing that keeps many of them from making any money in the summertime. So we go from bad to worse, and we have the problem with us every year.

Mr. NICHOLS. Of course, a long range rehabilitation program would be a solution to this. This alone is not a solution; we all realize it, but each winter we just cannot say "Well, someday we are going to have a fine rehabilitation program and train all these Indians and educate them and get them all jobs."

In the meantime we just cannot let them starve, and that is what we are up against. We all agree to that, I am sure.

Senator CORDON. That is right.

DISCUSSION ON PROGRESS OF INDIAN RELIEF PROGRAM

Senator ELLENDER. I do not want to be misunderstood. I am very sympathetic to them, but the policy we have been pursuing has certainly not enured to their benefit. They are just going to keep on being wards of the Government. I do not suppose any of them who are able to work want to keep on being in that position.

Mr. NICHOLS. Except the older folks, and they will soon be no longer a burden. The younger ones do not want to be wards.

Senator ELLENDER. I think we made a mess of our Indian problem and we are now doing it with the Eskimos in Alaska.

Senator CORDON. How many would you classify in that group of old ones in South Dakota, where the Senator said there were 31,000 Indians?

Mr. NICHOLS. I would say a high percentage, but I just could not give the correct figure offhand.

Senator GURNEY. There are 10,000 in Montana and the two Dakotas. Is not that what you said?

Mr. NICHOLS. Yes.

Senator GURNEY. There are probably 4,000 in South Dakota.

Mr. NICHOLS. Yes; I would guess that many.

Chairman McKELLAR. I have been in Congress for 38 or 39 years, and I have been religiously voting for them in every bill that came before the Congress. But I am just astonished by what you tell me here this afternoon. It does not seem to me we are making any progress at all.

Senator GURNEY. This request of \$100,000 would not approach the request of funds to help the Navajos and Hopis.

This is a severe winter storm that makes it absolutely mandatory. Either you give it to them or they starve. That is all there is to it.

Chairman McKELLAR. We do not want anybody to starve.

I would be very glad to have that report, Mr. Nichols.

(The report on placement activities appears on p. 142.)

Mr. NICHOLS. Yes, sir.

Senator GURNEY. There is testimony on page 15 of the House hearings quoting a newspaper article as follows:

Far-away India has her beggars by the roadside, China has her squeeze system widely practiced by the working classes, and South Dakota has her Indians—living in tents and shacks in the cold of our northern winters.

That is from a newspaper article and is not the testimony of the witness. That is accompanied by pictures.

Senator CORDON. There is \$100,000 in the budget where the request was so much less.

Senator GURNEY. That is not to go just to the 10,000. That is to go to the whole Nation.

Senator CORDON. We added to that \$803,000 more, and the purpose of that is to almost double the average payment per capita. That was evidently adequate in December.

Miss HASTINGS. No, sir; it was not adequate.

AMOUNTS TRANSFERRED FOR WINTER EMERGENCY

Senator CORDON. I expected that answer. Twenty-five dollars would not be, either. But it was doubled, and there could not have been, and cannot now be, any greater period when we can expect any continuation of a severe storm. It ought to be about over.

I understand that \$151,000 was transferred, but you transferred it from where you could transfer it. There is \$25,000 and one item of \$301,000 and \$151,000 transferred in the Dakotas. The statement says that is above the amounts initially made available for those areas.

Mr. GREENWOOD. No, Senator; this \$100,000 is to cover the deficiency. It comes about by reason of our having drawn on the funds originally apportioned for the last quarter of this year, funds which normally would be spent in April, May, and June, in order to meet this emergency situation.

So then it is a real deficiency.

Senator CORDON. Then it can be absorbed from the \$12.50 per capita average that you did not have in December. I am not questioning that you have not more than just a subsistence level, but I can see that there is more available in the regular appropriation for the balance of this year, almost twice as much as there was for last year.

Mr. NICHOLS. You are quite right, and if it had been sufficient last year, we would agree with you.

SUMMARY OF APPROPRIATIONS FOR RELIEF ACTIVITIES

Mr. GREENWOOD. I think we ought to clarify that point, Senator. The appropriation for this year for the welfare of Indians was \$900,000. Four hundred thousand of that amount was specifically provided to make public-assistance payments to Indians in Arizona and New Mexico other than Navajo and Hopi Indians.

So that \$400,000 could not be spent any place else except in Arizona and New Mexico. That left \$500,000 for other welfare purposes, of which \$229,000 was budgeted for direct relief.

Senator CORDON. Was not this direct relief?

Mr. GREENWOOD. Yes; this is direct relief.

Senator CORDON. There is an amount of \$800,000?

Mr. GREENWOOD. That is correct.

Senator CORDON. The statement is that you want to use it to double the average per capita payment that you were paying last year; is that not right?

Mr. GREENWOOD. That is right, but for our normal relief load, not for this emergency load that has arisen.

Senator CORDON. If you do not quite double that, you will have enough to meet the emergency. That is what I am trying to get at.

Miss HASTINGS. But not enough to feed the people.

Mr. NICHOLS. You are right in figures, all right, but I think we still all admit that \$25 a month is little enough to live on.

Senator CORDON. But that is an average and some of them should not be absolutely destitute.

TRANSFER OF FUNDS FROM HOSPITAL AND EDUCATIONAL PROGRAMS FOR USE IN PRESENT EMERGENCY

Mr. NICHOLS. That is right.

May I say that this situation has become so serious that this noon I signed a request to the Secretary to eat up \$100,000 worth of hospital and educational funds starting tomorrow. We are going to do that. We have to help these people. We just cannot let them starve.

So I have had to take that step and get out that far on a limb, which is very serious, because if we do not get this now it is going to be on me and we will have to close hospitals and schools to save the money already spent. But I will have to do it. I will close up those things rather than see them starve.

Senator CORDON. You are speaking of \$800,000, not the \$100,000?

Mr. GREENWOOD. We are speaking of both, Senator.

Chairman McKELLAR. Are there any further questions?

If not, we are very much obliged to you, gentlemen.

Mr. GREENWOOD. Thank you very much, Mr. Chairman.

Chairman McKELLAR. We will next hear testimony on the control of forest pests.

DEPARTMENT OF AGRICULTURE

STATEMENT OF HON. EDWIN C. JOHNSON, UNITED STATES SENATOR FROM THE STATE OF COLORADO

DAMAGE BY THE SPRUCE BARK BEETLE TO NATIONAL FORESTS

Senator JOHNSON. Mr. Chairman, I wanted to speak just very briefly. I cannot find the item covering it in the bill. There is supposed to be an appropriation somewhere inserted by the House for the control of the spruce bark beetle in the national forests, but I do not find it in the bill. I understand the House did put it in though.

Senator CORDON. That was to be heard by the deficiency group, although it was heard by the regular agriculture group. That matter will be presented here, I understand, and I hope to be on this committee.

Senator JOHNSON. I hope it will, because it is an emergency matter.

Chairman McKELLAR. Do you want to say anything about it?

Senator JOHNSON. Yes; I will briefly speak about it.

SPREAD OF BEETLE

This spruce barkbeetle has gone through and done great damage to one of our national forests in Colorado—White River Forest. The infestation is spreading rapidly now into the Holy Cross National Forest, and it will reach the Grand Mesa National Forest and the Gunnison National Forest soon and then will probably spread to Wyoming and New Mexico and destroy all of the Engelmann spruce in that whole area. In Colorado the Engelmann spruce is 60 percent of our timber. Already there has been a damage of \$8,000,000 to our spruce timber.

EFFECT OF BEETLE INFESTATION

The beetle completely destroys and kills the trees.

Chairman McKELLAR. Do they have a method of getting rid of the beetle?

Senator JOHNSON. Yes; they have a method. They spray the trees. It is a costly, slow process, but it does the business, according to the Forest Service.

It is estimated that unless we take some steps to stop this beetle infestation, and epidemic this year, that we are likely to reach the point where there will be an absolute impossibility of controlling it.

The plan, as I understand it, is to move into these areas which are not heavily infested at the present time and try to stamp it out.

Chairman McKELLAR. Is that in the budget estimate, and was it allowed by the House?

JUSTIFICATION AND AMOUNT REQUESTED

Senator JOHNSON. I cannot find it. It must be here some place in the budget, I was told it was.

Yes; here it is on page 10 of the budget. It says:

For an additional amount for Forest Pest Control Act, \$4,500,000 to remain available until December 31, 1950.

Serious infestations of forest insects, including spruce budworm, bark and pine beetles, are occurring to a large extent on Federal timberland in five Western States. The intensity and extent of the infestations are far greater than was anticipated when funds were requested for the fiscal year 1950.

It is essential that work go forward at an accelerated rate during the 1950 control season, if greater losses of timber and increased future control costs are to be averted.

As I say, the infestation has destroyed one forest and is just getting started in our other forests. It has damaged beyond repair the Engelmann spruce in the White River Forest, and is moving over into the Holy Cross now, and if an appropriation is made I am told it can be stopped, and if not, of course, we will just lose the other forests also.

The point is that not all of the \$4,500,000 will be used in Colorado. Something over \$2,000,000 will be used in Colorado because that is where the infestation of this particular spruce bark beetle is doing so much damage. I want to associate myself with Senator Millikin on this plea. He is much concerned with this matter also. I hope that you will include a deficiency item in this bill for \$4,500,000 in concurrence with the recommendation of the Budget. I can assure you that it is very badly needed, and that it really is an emergency. A stitch in time will save nine.

CONTROL OF FOREST PESTS

STATEMENTS OF DR. S. A. ROHWER, ASSISTANT CHIEF, BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE; C. M. GRANGER, ASSISTANT CHIEF, FOREST SERVICE; RICHARD A. COLGAN, JR., EXECUTIVE VICE PRESIDENT, NATIONAL LUMBER MANUFACTURERS ASSOCIATION; EARL W. LOVERIDGE, ASSISTANT CHIEF, FOREST SERVICE; I. J. MASON, CHIEF, DIVISION OF TIMBER MANAGEMENT, FOREST SERVICE; HENRY WOLD, BUDGET OFFICER, FOREST SERVICE; J. F. SHANKLIN, DIRECTOR OF FORESTS, DEPARTMENT OF THE INTERIOR; J. O. COFFMAN, CHIEF, FORESTRY DIVISION, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR; F. H. SPENCER, ASSISTANT ADMINISTRATOR, AGRICULTURAL RESEARCH ADMINISTRATION; AND EUGENE B. WILHELM, CHIEF, DIVISION OF ESTIMATES AND ALLOTMENTS, OFFICE OF BUDGET AND FINANCE

JUSTIFICATION

Chairman McKELLAR. Before proceeding, gentlemen, we will insert at this point in the record the justifications covering this item. (The justifications referred to are as follows:)

*Forest Pest Control Act**Forest Pest Control Act (H. Doc. No. 455)*

Request for 9.5 months from Mar. 15, 1950, to remain available until Dec. 31, 1950	\$4, 500, 000
Appropriation to date	¹ 1, 454, 204
Obligations to Dec. 31, 1949	667, 921
Expenditures to Dec. 31, 1949	595, 429
Employment:	
Average number current appropriation	202
Number involved this estimate	686
Actual employment Dec. 31, 1949	36
Budget estimate next fiscal year	\$1, 006, 500

¹ Includes \$250,000 transferred from the appropriation "Control of emergency outbreaks of insects and plant diseases," \$450,404 prior year balance available for obligation in 1950, and \$3,800 anticipated pay adjustment supplemental.

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

Information assembled through surveys carried out during the summer and fall of 1949 disclosed the presence of important and significant outbreaks of native insects destructive to forest resources in many areas. Careful analyses of all data, including consideration of contributions that will be supplied by State and private agencies where work on other than federally owned lands is involved and appraisal of immediate importance of some infestations detected disclosed that \$5,129,000 would be required to provide for the Federal cost of the minimum number of control projects which should be begun or entirely completed during the remainder of the current fiscal year. The foregoing amount exceeds by \$4,500,000 the funds that had not been expended, obligated for projects initiated, or required to carry on fixed expenditures for detection and appraisal surveys and continuing activities. Four of the projects present new developments or require expenditures which exceed funds available during the remainder of the fiscal year.

Another important project, which requires an estimated expenditure of \$418,000, is a continuation of one aimed to control an infestation of mountain pine beetle in lodgepole pine on the Targhee, Teton, Caribou, and Bridger National Forests, the Grand Teton National Park, and the Jackson Hole Monument.

The current estimate contemplates the use of \$630,000 of funds available but not finally allotted to specific projects to carry out 38 projects, 2 of which will require during the early part of next year the use of funds that may be provided by the regular 1951 estimates. A summary of the estimated cost of the five projects which will be provided for in the accompanying estimate and other high-light information concerning them are tabulated below. Detailed information in reference to each of the proposed projects is set forth in the following pages.

Summary of estimated costs, estimated losses, and nature of operations, by projects

Project	Estimated costs				Estimated value of timber threatened ¹	Nature and size of operations and estimated cost per unit
	Federal funds		Coop-erators	Total		
	Avail-able	Need-ed				
(a) Spruce budworm in Douglas fir and white fir in Oregon and Washington.	-----	\$880,000	\$320,000	\$1,200,000	\$50,396,000	Aerial spraying of 999,870 acres at \$1.20 per acre.
(b) Spruce bark beetle in Engelmann spruce in Colorado.	-----	2,885,000	-----	2,885,000	² 12,878,000	Treatment of 725,000 infested trees at approximately \$4 per tree.
(c) Black Hills bark beetle in ponderosa pine in Colorado.	-----	210,000	-----	210,000	2,739,000	Treatment of 42,000 trees at \$5 per tree.
(d) Mountain pine beetle in lodgepole pine in southeastern Idaho and western Wyoming.	\$148,000	270,000	-----	418,000	6,000,000	Treatment of 53,000 trees at approximately \$7.50 per tree.
(e) Mountain pine beetle in white pine in northern Idaho.	-----	255,000	8,000	263,000	22,000,000	Treatment of 17,522 trees at cost ranging from \$12 to \$19 per tree; average, \$15.
Total.....	148,000	4,500,000	328,000	4,976,000	94,013,000	

¹ Excludes watershed and recreational values.

² Excludes estimated green timber threatened if entire spruce area became infested, which has estimated value of \$19,368,000.

(a) *Spruce budworm in Douglas fir and true fir in Oregon and southeast Washington (\$880,000)*

THE PROBLEM AND ITS SIGNIFICANCE

Extent of infestation (see map attached)

The spruce-budworm epidemic which is attacking Douglas fir and white fir in the forests of Oregon and Washington has reached an alarming size and wholesale destruction of timber is threatened. A little more than one-third of the proposed program is on private lands; the remaining two-thirds is on federally owned national forest, Oregon and California, and public-domain lands and Indian reservations. State and county lands are included in the program for a minor acreage.

Practically all of the fir timber in the Blue Mountains of eastern Oregon and southeastern Washington, estimated at 2,138,000 acres, is infested. Serious outbreaks of the budworm on approximately 128,630 acres also are present in the highly important commercial stands of western Oregon as well as on the east slope of the Oregon Cascades.

The ownership of lands contemplated for treatment in 1950 is as follows:

Area	Federal				State and county		Private		Grand total, acres
	Department of Agriculture, national forest		Department of the Interior, Indian reservations, Oregon and California, and public domain		Area, acres	Per-cent	Area, acres	Per-cent	
	Area, acres	Per-cent	Area, acres	Per-cent					
Western slope, Cascade Mountains, Oreg.....	73, 600	83. 0	2, 740	3. 1	20	0. 1	12, 280	13. 8	88, 640
Eastern Slope, Cascade Mountains, Oreg.....	13, 070	32. 7	25, 520	63. 8	0	-----	1, 400	3. 5	39, 990
Blue Mountains, Oreg.....	510, 680	61. 5	8, 210	1. 0	1, 830	. 2	310, 270	37. 3	830, 990
Blue Mountains, Wash.....	12, 290	30. 7	80	. 2	2, 080	5. 2	25, 600	63. 9	40, 050
Grand total.....	609, 640	61. 0	36, 550	3. 6	3, 930	. 4	349, 550	35. 0	999, 670

The spruce budworm population in Oregon and Washington has been increasing rapidly both in concentrations and in geographical distribution during the last several years. Large areas of epidemic infestation were discovered on the western slope of the Cascades in the general vicinity of Eugene, Oreg., during the summer and fall of 1948. This was the first known serious epidemic of this insect in the Douglas fir region of western Oregon and Washington. A somewhat similar outbreak was found on the eastern slope of the Cascade Range on the Mount Hood Forest. Both of these outbreaks were controlled by a cooperative project with the State of Oregon under which 267,000 acres were successfully treated by airplane spraying of DDT in June 1949.

During the summer of 1949 control work was checked and a much more systematic survey than had been possible heretofore was made of the extent of spruce budworm infestations throughout the two States. The control recommendations made herein are based on this more intensive survey.

All areas of infestation in the Cascade Mountains are recommended for control because the timber values at stake in western Oregon are so great. In the Blue Mountain areas of eastern Oregon and southeastern Washington only the heavily infested areas are recommended for treatment this year.

Values at stake

In the western Oregon area (west slope of Cascade Mountains) the timber volume on the infested area amounts to 1,772,800,000 board feet. At \$10 per thousand board feet the stumpage value of the infested timber is \$17,728,000. Of vastly greater value is the surrounding but as yet unaffected timber upon which the forest industry of the region depends for continued large-scale production.

In the eastern Oregon Cascades area (east slope of Cascade Mountains) the timber volume on the infested area amounts to 200,000,000 board feet. At \$3 per thousand board feet the stumpage value of the infested timber is \$600,000. Control of this infestation is urgent in order to remove it as a possible source of reinfestation of the fir timber on both slopes of the Cascade Mountains.

In the Blue Mountains area of Oregon the timber volume in the infested area amounts to 9,840,000,000 board feet. At \$3 per thousand board feet the stumpage is valued at \$29,520,000. In addition, extensive stands of young trees are seriously attacked.

In the Blue Mountains area of Washington the timber volume in the infested area amounts to 851,600,000 board feet. At \$3 per thousand board feet the stumpage is valued at \$2,548,000. Much of the infested area is quite rough. It is of greatest value as a watershed for such communities as Walla Walla, Milton, Freewater, and Dayton.

Total volumes and values in all infested areas is 12,664,400,000 board feet, valued at \$50,396,000.

Plan of work

Control consists of the aerial spraying of the infested areas with a DDT solution. This is a proven method, 267,000 acres having been sprayed in this manner in Oregon last spring at an over-all cost of \$1.20 per acre with approximately 95 percent of the spruce budworm larvae being killed, thus halting the epidemic and saving the trees on the treated area.

Because of the immense size of the present infested area and the short time available for control, it is not feasible to attempt to control the entire infestation in a single year. Even though the proposed control program for 1950 covers only the most critically infested areas, it will be a vast undertaking which will have to be highly organized and precisely timed. Contracts for purchase of DDT and the spraying vehicle and their timely delivery will have to be worked out. Flying contracts will have to be let and adequate landing strips developed. The actual spraying is limited to good flying weather and is further limited by the fact that spraying must be done during a period of approximately 2 weeks in June when the feeding larvae are one-half to full grown. Earlier they are mining the buds and cannot be reached with the spray. Therefore, the timely availability of funds is of utmost importance.

Estimated cost

The estimated cost of control is \$1.20 per acre, or \$1,199,604 for the 999,670 acres of infested areas contemplated for treatment in 1950.

It is essential that all ownerships within the control areas be sprayed in one operation. This necessitates a cooperative undertaking with the State of Oregon. It is proposed that the Federal Government pay the full cost of treatment of Federal lands and that the State bear the full cost of treatment of State and county lands. For private lands it is proposed that the State pay 50 percent of the cost, the Federal Government 25 percent, and the private owners pay 25 percent of the cost on their lands. Since there is no forest insect control law in Washington, all control in that State presumably will be done by the Federal Government on a reimbursement basis. The cost would be apportioned as follows:

Infested areas considered for treatment in 1950

	Area (acres)	Total cost	Proportionate share of cost		
			Federal	State	Private
Federal lands:					
Department of Agriculture: National forest.....	609,640	\$731,568	\$731,568	-----	-----
Department of Interior:					
Indian reservation.....	27,230	32,676	32,676	-----	-----
Oregon and California, and public domain.....	9,320	11,184	11,184	-----	-----
State and County.....	3,930	4,716	-----	\$4,716	-----
Private.....	349,550	419,460	104,865	209,730	\$104,865
Grand total.....	999,670	1,199,604	1 880,293	214,446	104,865

¹ The total Federal cost of this project is estimated at \$880,000.

Proposed program for spruce budworm control in 1950 by ownerships and areas

Area	Federal				State and county		Private		Grand total, acres
	National forest, acres	Public domain and O&C, acres	Indian reservations, acres	Total acres	Percent of total	Acres	Acres	Percent of total	
Western Oregon:									
(1) McKenzie-Willamette.....	68,160			68,160	100.0				68,160
(2) Eugene-Oakridge.....	5,440	2,100		7,540	73.6		2,700	26.4	10,240
(3) Roseburg.....		640		640	6.3	20	9,580	93.6	10,240
Total.....	73,600	2,740		76,340	86.1	20	12,280	13.8	88,640
Eastern Oregon Cascades:									
(4) Mount Hood.....	7,000		25,520	32,520	98.6		470	1.4	32,990
(5) Deschutes.....	6,070			6,070	86.7		930	13.3	7,000
Total.....	13,070		25,520	38,590	96.5		1,400	3.5	39,990
Blue Mountains—Oregon:									
(6) South Umatilla.....	178,940	4,060		183,000	61.9	340	112,620	38.1	295,960
(7) North Umatilla.....	177,850	1,250		180,810	62.6	1,310	106,820	37.0	288,940
(8) LaGrande.....	51,970	1,150	1,710	53,130	53.1	180	46,750	46.7	100,050
(9) Enterprise.....	32,830			32,830	51.1		31,360	48.9	64,190
(10) Chesnimus.....	69,090	40		69,130	84.5		12,720	15.5	81,850
(11) John Day.....									
(12) Ochoco.....									
Total.....	510,680	6,500	1,710	518,890	62.4	1,830	310,270	37.4	830,990
Total for Oregon.....	597,350	9,240	27,230	633,820	66.0	1,850	323,950	33.8	959,620
Blue Mountains—Washington:									
(13) Walla Walla.....	12,290	80		12,370	30.9	2,080	25,600	63.9	40,050
Grand total.....	609,640	9,320	27,230	646,190	64.6	3,930	349,550	35.0	999,670

(b) *Engelmann spruce bark beetle in Colorado (\$2,885,000)*

THE PROBLEM AND ITS SIGNIFICANCE

Extent of infestation

For the last 10 years, the most severe forest insect epidemic of record has been in progress on the western slope of Colorado, principally in the White River National Forest. The overwhelming size of this insect population has heretofore made it impossible to devise effective control measures.

This epidemic passed into a new phase during the summer of 1949 which makes it reasonably possible to effect its control. On the other hand, these 1949 developments place more than half of the remaining Colorado spruce in immediate danger (and ultimately practically all of the spruce in Colorado, southern Wyoming, and northern New Mexico) unless all out-control measures are started in 1950.

By 1949 this bark beetle had exhausted available host material in the northern division of the White River National Forest, the center of infestation. Mass migration of unbelievable numbers of beetles occurred in the early summer. Most of these beetles (probably 98 percent) failed to survive but important new infestation centers were established, two of them south of the Colorado River.

It now seems possible to control these new infestation centers. If they are not controlled the insect has established adequate "beach heads" to again build up an overwhelming population which will almost certainly sweep northeastward through all the spruce stands in its path on both the national forests and Rocky Mountain National Park. Establishment of major infestation centers southerly in the spruce of the Gunnison and later of the Rio Grande National Forest seems inevitable if the new infestation of 1949 south of the Colorado River is permitted to run its course.

Population of this insect is at a temporary low point in 1950. After 1950 the original area of infestation cannot supply additional population. A sharp reduction in the number of trees currently infested has occurred because of the heavy beetle mortality involved in the migration of 25 to 30 miles across the nonforested lands along the Colorado River. Enough insects have survived, however, to re-establish the infestation in new spruce forests. The control project proposed is to prevent a repetition of the losses already experienced on the northern division of the White River National Forest.

Values at stake

About 60 percent of the timber in Colorado is Engelmann spruce. Practically all of the spruce in the State as well as adjoining stands in Wyoming and New Mexico is threatened by this epidemic.

The amount of privately owned land in the spruce type of Colorado is negligible. The State of Colorado owns about 100,000,000 board feet of spruce within the threatened area. Practically all of the present areas of infestation are on national forest land.

Timber volumes affected

1. TIMBER KILLED BY THE SPRUCE BARK BEETLE

Location	Volume	Species
	<i>M board feet</i>	
Arapaho Forest.....	100,000	Engelmann spruce.
White River Forest.....	3,000,000	Do.
Routt Forest.....	300,000	Do.
Gunnison Forest.....	75,000	Do.
All other forests.....	100,000	Do.
Spruce killed to date, all areas.....	3,575,000	Spruce.
Lodgepole killed to date, all areas.....	400,000	Lodgepole.
Total volume killed to date, all areas.....	3,975,000	All species.

Timber volumes affected—Continued

2. GREEN TIMBER THREATENED BY THE SPRUCE BARK BEETLE

Location	Volume	
	Engelmann spruce	Lodgepole pine
Immediately threatened:	<i>M board feet</i>	<i>M board feet</i>
Arapaho Forest.....	1,070,000	861,000
White River Forest.....	1,200,000	266,000
Routt Forest.....	860,000	1,015,000
Roosevelt Forest.....	390,000	777,000
Total, immediately threatened.....	3,520,000	2,919,000
Threatened in future:		
Gunnison Forest.....	2,100,000	427,000
Colorado (all other areas).....	4,940,000	1,148,700
Wyoming.....	840,000	228,200
Total, threatened in future.....	7,880,000	1,803,900
Total volume of green timber threatened.....	11,400,000	4,722,900

The monetary value of the threatened merchantable timber is variable. Some is worth, based on going timber sales, as much as \$5 per M board feet. Assuming \$2 per M board feet as a reasonable value the following values are derived:

Value of timber killed to date, all species.....	\$7,950,000
Value of all green timber immediately threatened.....	12,878,000
Value of all green timber threatened in future.....	19,367,800

Total value of all green timber threatened..... 32,245,800

Sawmill and pulp operations engaged in cutting of spruce have continued to increase from year to year. Engelmann spruce is at present being cut from the national forests of Colorado at the rate of 35,000,000 board feet per year and has a stumpage value of \$75,000. The elimination of the spruce by the bark beetles will result in curtailment of this industrial activity which now furnishes considerable employment in western Colorado.

Proposed pulp mill affected

There is a good possibility for establishment of a paper and pulp plant to utilize a large part of this timber. Such a plant will be based on first salvaging the dead timber along with some green timber during the first 30-year period of operation. Thereafter it will be dependent on a sustained cut of green timber.

Permanent operation of the proposed plant is highly improbable if this epidemic is not controlled. If the spruce timber now in immediate danger should become infested, there would be no adequate economic source of raw material for a pulp mill after the time salvage of dead timber is possible. Termination of such an enterprise would mean the displacement of 600 wage earners and their dependents and abandonment of a plant costing at least \$15,000,000.

Recreation and watershed values affected

Destruction of the extensive green spruce forests of Colorado would seriously reduce recreation values. Already the Wilderness Rider trip in the White River National Forest has been abandoned because of the great areas of dead timber. As time goes on the dead timber will fall, creating a mass of down and criss-crossed logs that will make the forest impassable to travel even for game.

The killing of virtually all trees over 8 inches in diameter over tens of thousands of acres will most certainly affect watershed conditions. On areas of level to gently rolling topography adverse effects on watersheds should be small, but on steep slopes and canyon sides where soils tend to be unstable, watershed values are threatened.

Plan of work

Methods for effective control of this beetle have been under development for more than 5 years. These methods were field tested in a control project in the fall of 1949. Satisfactory control was obtained through spraying the trunks of standing infested trees with a mixture of orthodichlorobenzene and fuel oil.

Since in contrast to other bark beetles of the same genus, the spruce bark beetle has a 2-year life cycle in the same tree, it is possible to treat 1948 and 1949 infestations before the 1950 summer beetle flight, and 1949 and 1950 attacked trees after infestation. Trees are freshly attacked from June to mid-September. About a year later partially developed adults migrate to the base of the same tree. During the early part of the second summer, these same adults reemerge and fly to infest new trees and develop a new beetle brood.

Weather permitting, control operations can be carried on effectively from the early part of June until about the middle of October. Spruce attacked in 1948 will be treated on the basal portions of the trunk only, until about July 15. Spruce attacked in 1949 and 1950 will be treated the entire infested length of the bole. Lodgepole pine containing hibernating adults will be treated on the basal portions only.

The purpose of the control will be to prevent the spread of the epidemic beyond the areas in which it was established by 1948, i. e., the northern division of the White River Forest and the Gore Range south of Rabbit Ears Pass (see map). Control efforts will be concentrated in the following critical areas:

Area 1.—This area is considered for control because the infestations there at present, and any possible future reinfestations, constitute a serious threat to the spruce stands in this section of the Routt, Arapaho, and Roosevelt National Forests, and to the spruce in the Rocky Mountain National Park. Survey estimates indicate that there are approximately 20,000 infested spruce trees plus an additional 20,000 trees resulting from reinfestations by insect flight in 1950 from the west.

Area 2.—Heavy infestations in this area constitute a serious threat to extensive bodies of remaining spruce in the vicinity. Survey estimates indicate 80,000 infested spruce plus an additional 80,000 trees reinfested from the north and west will have to be treated.

Area 3.—The bulk of the 1949 Engelmann spruce beetle flight found its way south of the Colorado River into this area. Control in this area will prevent the outbreak from possible movement south into extensive new areas of spruce in the Gunnison National Forest. Survey estimates indicate 400,000 infested spruce plus 50,000 trees that will require treatment as a result of local reinfestation.

Area 4.—Heavy infestations in this area constitute a serious threat to extensive bodies of spruce to the north in Colorado and on into the Medicine Bow Forest in Wyoming. Survey estimates indicate 75,000 infested and reinfested spruce to be treated.

Summary of all areas to be treated in 1950

Area	Number of infested trees—year of infestation			Total 1950 treating job, number of trees
	1948	1949	Estimated 1950	
1.....	300	19,700	20,000	40,000
2.....	5,500	74,500	80,000	160,000
3.....	20,000	380,000	50,000	450,000
4.....		50,000	25,000	75,000
Total.....	25,800	524,200	175,000	750,000

Estimated costs

Costs are estimated at a total of \$2,885,000 or approximately \$4 per tree.

The large size of the job will require a high degree of organizing, extensive recruiting of large numbers of laborers plus the usual material and equipment purchase and housing and feeding job to be considered in connection with undertakings of this magnitude. Therefore, early authorization of the project is indispensable. To undertake or accomplish only a part of the job in 1950 may result in its being completely out of hand in 1951 and of such magnitude as to be impossible of control.

(c) *The Black Hills Beetle in ponderosa pine stands of the Roosevelt National Forest (\$210,000)*

THE PROBLEM AND ITS SIGNIFICANCE

Extent of infestation

There has been a serious rise in the extent and virulence of the Black Hills bark beetle in the ponderosa pine stands of the Roosevelt National Forest during 1949. Surveys in 1948 indicated there were about 23,000 infested trees mostly of the over-mature-age classes. The 1949 survey shows there are now 42,000 infested trees. This year many groups of pole-sized trees are infested.

Prior to the establishment of the national forest an extensive portion of the ponderosa pine type was frequently burned and practically denuded, principally by early day prospectors and miners. As a result a large percentage of this ponderosa pine type is today represented by young timber stands in pole and small sawlog size trees.

In the past this beetle has flared up primarily in mature and overmature trees. The present infestation is primarily in the young timber with solid groups of 100 to 1,000 or more trees in a group being killed. This pattern of infestation indicates an extremely vigorous epidemic which has potentialities of sweeping through all of the ponderosa pine type of the Front Range of Colorado.

Practically all of the infested trees are on national forest land. A minor number are in the Rocky Mountain National Park or on private lands. Because of the relatively low value of timber on the privately owned lands in the east slope ponderosa pine type in Colorado, it is not practicable to obtain cooperative contributions for this control project.

	<i>Area threatened</i>	<i>Acres ponderosa pine type</i>
National forest land:		
Roosevelt National Forest.....		170, 000
Arapaho National Forest.....		6, 000
Pike National Forest.....		182, 000
Total.....		358, 000
Private, State and community ownership:		
Within national forests.....		120, 000
Outside national forests.....		525, 000
Total.....		645, 000
Total area of ponderosa pine type.....		1, 003, 000

*Values at stake*1. *Timber values.*—

Land ownership	Volume in board feet ¹	Values per thousand board feet
Roosevelt National Forest.....	216, 000, 000	\$648, 000
Arapaho National Forest.....	5, 500, 000	16, 500
Pike National Forest.....	240, 000, 000	720, 000
Total.....	461, 500, 000	1, 384, 500
Private, State, etc.....	451, 500, 000	1, 354, 500
Total, all ownerships.....	913, 000, 000	2, 739, 000

¹ Trees 10 inches in diameter and over.

Merchantable timber is only a minor part of the values involved. Much of this area supports young stands of small- and medium-sized poles 6 to 14 inches in diameter. These are stands in which the beetle is primarily working. The beetles are not selective but take all trees in groups of 500 to 1,500 trees. Not only is the future supply of timber threatened, but the exposed soil of disintegrated granite is subject to erosion.

2. *Watershed values.*—Approximately 700,000 people live in the rich agricultural area east of the Front Range. This population is dependent upon water from the mountains for both its domestic and irrigation water. The domestic

and agricultural water needs are rapidly approaching total use of all available water. The major part of this water originates above the ponderosa pine type and passes through it on its way to these areas of consumption. Soil erosion is prevented and water interception and infiltration benefits are derived from this cover of ponderosa pine trees, thereby contributing to the regulation of stream flow and retarding the silting of irrigation ditches and reservoirs. The continued maintenance of a maximum of green timber cover is needed to protect watershed values.

3. *Recreational values.*—Control measures are further justified from the standpoint of preserving recreational values. These intangible values are relatively very high in comparison with other national forests in the West. The Roosevelt Forest, owing to its accessibility to Denver and a densely populated urban area, is heavily used by recreationists, and all routes of entry into the forest are through the ponderosa pine type in which type also most of the camp grounds are located. In addition, there is danger of the spread of bark-beetle infestation into the adjacent Rocky Mountain National Park. The average number of annual visitors on the national forest for the past 3 years has been 55,000 campground and picnic area users; 50,000 organization, camp, hotel, resort, and residence visitors; and 305,000 highway, road, and water route visitors. The total number of days spent by visitors is estimated to average 210,000 days per year. The number of visitors who pass through the forest en route to the Rocky Mountain National Forest averages better than 750,000 people annually. A conservative estimate places the value of this tourist business to local trade at from \$10,000,000 to \$15,000,000. Denudation of any portion of the low country area will seriously detract from its beauty.

Plan of work

It is proposed to treat the estimated 42,000 infested trees, starting the control operations as early in the spring of 1950 as snow and other conditions will permit and continue until sometime in late July when the beetles emerge to make new attacks.

The method of control proposed is to spray the bark of standing infested trees, using a mixture of one part orthodichlorobenzene to six parts No. 2 fuel oil. Large trees, or those with attacks that are too high to reach with orchard spray equipment, will be felled and the trunk treated. This method has been used with outstanding success on thousands of trees infested with the same beetle in the Black Hills of South Dakota.

Most of the trees are inaccessible to sprayers mounted on motorized equipment, and much of the work will be by use of hand-operated equipment.

Estimated cost

Based on the cost of the large Black Hills project in South Dakota in 1948, the cost of treating the 42,000 trees in this project is estimated at \$210,000, or \$5 per tree.

(d) *Mountain pine beetle in lodgepole pine stands of the National Forests of southeast Idaho and western Wyoming, and the Grand Teton National Park and Jackson Hole Monument of northwest Wyoming (\$270,000)*

THE PROBLEM AND ITS SIGNIFICANCE

Extent of infestation (see map attached)

Surveys completed last fall indicate there are 53,500 newly infected lodgepole pine trees on the Targhee, Teton, Caribou, and Bridger Forests, the Grand Teton Park, and the Jackson Hole Monument, over an area of 240,000 acres. To allow the epidemic to continue its course is to jeopardize all of the mature lodgepole pine stands on the Caribou, Targhee, Teton, Bridger, and Gallatin National Forests, Yellowstone and Grand Teton National Parks, and the Jackson Hole Monument and nullify the control work done during the past 3 years. Privately owned timberlands are negligible in both the infested and threatened areas.

This epidemic has been in progress for about 5 years. Control efforts since 1947 have showed its rate of spread. A reduction in the number of infested trees from more than 100,000 in 1948 to about 50,000 in 1950 has been accomplished. This rate of reduction is encouraging particularly because only 18,000 out of 67,500 infested trees were treated in 1949. Insect-control funds for this project did not become available until late June 1949, after most of the treating season

was over. With full coverage of all infested areas this year, a 75 percent reduction in new attacks can be expected.

Values at stake

1. *Timber values.*—The most valuable lodgepole pine stands in south Idaho are found on the Targhee Forest and are threatened by the pine beetle. About two-thirds of the timber being cut commercially on the Gallatin Forest in Montana is lodgepole pine being threatened by this epidemic. Loss of the lodgepole on the four national forests principally affected would result in the termination of the annual harvest of timber currently amounting to 25 million board feet of timber valued at \$76,000 per year. This stumpage is used for lumber, power poles, posts, mine props, and pulpwood; and this industry is the means of livelihood for a large number of people.

The total lodgepole pine volumes on these four national forests threatened are estimated at well over 2,000,000,000 board feet and are valued at considerably more than \$6,000,000. This timber constitutes a reserve stand which is steadily assuming greater importance. Experience has shown that upward of 80 percent of the mature merchantable timber is usually killed in an unchecked infestation.

2. *Recreation values.*—Mass killing of lodgepole pine in the Yellowstone and Grand Teton National Parks and the adjacent national forests would be particularly disastrous to the recreation values. It is impractical to express these values in monetary terms. There are important roadside timber stands along the approach roads to the parks on the Targhee and Gallatin Forests. On the national forests affected there are annually more than a million visitors. There are 82 camp and picnic areas, 7 organization camps, 22 hotels, and 257 recreational residences located on these forests. The values invested in these recreational improvements on the national forests alone amount to millions of dollars. These values would be impaired, if not destroyed, if the present epidemic is allowed to continue.

Plan of work

Techniques for the control of the mountain pine beetle are well established, successful large-scale operations having been carried on in 1949. They consist of treating the bark of the infested standing trees with penetrating spray which kills the insects before they emerge as beetles.

Field surveys made in the fall of 1949 disclose a total of 53,500 newly infested lodgepole pine trees—12,500 on the Grand Teton National Park and Jackson Hole Monument and 41,000 on national forest lands. For most effective control 100 percent coverage of the infestation should be made in 1950. Every effort will be made to stop the spread of the epidemic to the northward. The east side of the Teton Forest is the highest priority area since in this area the infestation is in its most virulent stage.

Estimated cost

A total of 53,500 trees must be treated at a total cost of \$418,000, an average of approximately \$7.50 per tree. Of the total cost \$148,000 will be provided from balances available in the regular fiscal year 1950 forest pest control appropriation. There remains a need for \$270,000 to do this control job.

(e) *Idaho white pine beetle on Coeur d'Alene and Clearwater Forests (\$255,000)*

THE PROBLEM AND ITS SIGNIFICANCE

Extent of infestation

There is an infestation of mountain pine beetle in the valuable mature white pine timber stands of the Coeur d'Alene and the Clearwater National Forests of northern Idaho. (See attached map.) The three areas where control is needed are as follows:

1. *Yellow Dog-Downey area, Coeur d'Alene National Forest.*—The occurrence of small spots of blowdown timber plus standing infested timber has produced an infestation in 12,400 trees. Three years of uncontrolled beetle increase at the 1949 rate would destroy 100,000,000 board feet of 160-year-old white pine on 16,000 acres. In this area less than 500 acres are in private ownership.

2. *Steamboat area, Coeur d'Alene National Forest.*—The infestation is found among windfalls and standing trees over an area of 38,000 acres, practically all national forest lands. There are 1,900 trees and windfalls requiring treatment. It is those heavily infested windfalls resulting from a windstorm in the summer of 1949 which threaten to destroy the stand before a harvest cut can be made to reduce the insect threat that treatment for insect control is desired.

3. *Orogrande area, Clearwater National Forest.*—This infestation lies in the heart of the most extensive and valuable white pine in the Clearwater National Forest. The infested trees are primarily windfalls, but on one unit there are a large number of standing trees infested. The entire timber stand, estimated at three-fourths of a billion board feet, is threatened.

Values at stake

The Yellow Dog-Downey area contains 100,000,000 board feet of white pine timber valued at \$2,000,000 which would be wiped out before it could be harvested. The Steamboat area infestations threaten a third of a billion feet of white pine timber. Stumpage value of this threatened timber is over \$6,000,000. The entire stand of white pine in the Orogrande area is threatened, involving three-fourths of a billion board feet having a stumpage value of \$15,000,000.

Summary of values at stake

Unit	Volume of white pine stumpage (M board feet)	Value of stumpage per M board feet
Yellow Dog-Downey.....	100.000	\$2,000,000
Steamboat area.....	333.000	6,000,000
Orogrande.....	750.000	15,000,000
Total.....	1,183,000	23,000,000

Plan of work

It is planned to treat the 17,000 windfalls and standing trees during the spring of 1950 before the bark beetles emerge in early June. Windfalls must be treated since they are a source of increased infestation. The standing trees will have been felled, and all trees—windfalls as well as fallen trees—will have to be bucked up into log lengths and rolled over for complete treatment. This results in the high treating costs.

Estimated cost

The following summary indicates the cost of treating:

Yellow Dog-Downey area, 12,400 trees, at approximately \$15.....	\$186,500
Steamboat area, 1,900 trees, at approximately \$19.....	36,100
Orogrande area, 2,700 trees, at approximately \$12.....	32,400
Total, 17,000 trees, at \$15.....	255,000

Average cost to treat: \$15 per infested tree.

Control of forest pests

	Appropriation to date, fiscal year 1950	Supplemental estimate, fiscal year 1950	Revised total, fiscal year 1950
FUNDS AVAILABLE FOR OBLIGATION			
Appropriation or estimate.....	\$750,000	\$4,500,000	\$5,250,000
Proposed supplemental estimate due to pay increases.....	3,800		3,800
Prior year balance available.....	450,404		450,404
Transferred from "Control of emergency outbreaks of insects and plant diseases".....	250,000		250,000
Total obligations.....	1,454,204	4,500,000	5,954,204
OBLIGATIONS BY ACTIVITIES			
1. Detection and appraisal surveys.....	286,081		286,081
2. Operations to control destructive forest pests on lands irrespective of ownership.....	1,168,123	4,500,000	5,668,123
Total obligations.....	1,454,204	4,500,000	5,954,204

Control of forest pests—Continued

	Appropriation to date, fiscal year 1950	Supplemental estimate, fiscal year 1950	Revised total, fiscal year 1950
OBLIGATIONS BY OBJECTS			
Total number of permanent positions.....	47	29	76
Average number of all employees.....	155	657	812
01 Personal services:			
Permanent positions.....	\$196,022	\$92,500	\$288,522
Part-time and temporary positions.....	398,849	1,638,000	2,036,849
Regular pay in excess of 52-week base.....	504		504
Payment above basic rates.....	11,518	52,500	64,018
Pay increase, Public Law 429.....	3,800	3,800	7,600
Total personal services.....	610,693	1,786,800	2,397,493
Deduct charges for quarters and subsistence.....	1,237		1,237
Net personal services.....	609,456	1,786,800	2,396,256
02 Travel.....	64,420	44,000	108,420
03 Transportation of things.....	15,350	61,000	76,350
04 Communication services.....	1,815	3,800	5,615
05 Rents and utility services.....	7,090	26,300	33,390
06 Printing and reproduction.....	500		500
07 Other contractual services.....	179,064	540,900	719,964
08 Supplies and materials.....	173,324	1,869,200	2,042,524
09 Equipment.....	103,185	168,000	271,185
Unallotted.....	300,000		300,000
Total direct obligations.....	1,454,204	4,500,000	5,954,204

AMOUNT REQUESTED

Chairman McKELLAR. You may proceed, Dr. Rohwer.

Mr. ROHWER. Senator McKellar, we are here on behalf of the item that occurs on page 10 of House Document 455, dealing with the Forest Pest Control Act, requesting an additional amount of \$4,500,000, which is to remain available to December 31, 1950.

The reasons back of this estimate are predicated on knowledge that became available to us after the regular estimates were completed, and they are based on surveys that were conducted during the past season.

Those surveys disclosed the presence of about 38 infestations of pests that are destructive to our forests in various locations of the country. These infestations, some of which are of considerable magnitude, are well beyond the available funds of the department to take care of.

There is remaining, as of December 31, about \$600,000 of the amount that was available for the fiscal year 1950, and we have reviewed all these infestations and figure that we can take care of about 33 of those with those funds.

SPRUCE BUDWORM

The remaining five are large and extremely important and are the basis of this estimate. One of them, which deals with the spruce-budworm infestations in Oregon and Washington, is a cooperative program on Federal and State and privately owned lands and is proposed to be cooperatively financed.

The other four infestations are basically all on national forests or, in one case, on some lands that are under the jurisdiction of the

Department of the Interior. One of the smaller infestations has a small amount of infested trees on privately owned lands, and in that instance they are cooperating on it.

The literature that has been given to you discusses these infestations in detail. The summary, on page 2, lists the projects, indicates the amount of Federal funds that are proposed, the amount that will be supplied by the cooperators, and the total amount of the estimates, and the amount of timber that is threatened because of these infestations.

It also gives a short description of the basis of the estimate.

AMOUNT OF BUDGET ESTIMATE

You will note that the estimate for Federal funds needed is \$4,500,000. It is the same amount that is in the budget estimate. The value of the timber that is threatened is \$94,000,000, in round numbers.

To control these pests, it is extremely important that the operations be done at a time when you can do the work soundly, speaking from a biological standpoint. In most of these instances, the work will have to be completed largely by the end of the current fiscal year.

I said largely because, depending a little bit upon the biology of the insect and weather conditions, which we cannot foresee, some of the operations will continue over into July and then for protection we need to have in the fall sort of a mop-up program which will clean up the things that may possibly have been missed during the spring and early summer treating. That latter is the reason why we request that the funds remain available until as late as December 31.

Chairman McKELLAR. You have dealt with these pests before; have you not?

Mr. ROHWER. We have dealt with all of these pests before, Senator McKellar.

PINE BEETLE INFESTATIONS

Chairman McKELLAR. I am talking about this one now. I know that you do, and sometimes most successfully. In fact, as far as I know, it is successful all the time.

But I was wondering what has been your success with the pine beetle. Does it come every year?

Mr. ROHWER. No. Beetle infestations, Senator McKellar, are cyclical or periodical. They depend a good deal on weather conditions.

In many of the cases they begin as small as infestations; and, if we are able to get out and combat those small infestations, we may prevent a widespread epidemic.

Chairman McKELLAR. What was the last one you had?

SPRUCE BUDWORM

Mr. ROHWER. Senator, there are about four different kinds of insects that are involved in this estimate. So, it is hard to answer that directly.

We have a current infestation, and this is the spruce budworm, and not the bark beetle. That is a continuation of an infestation that we combated in cooperation with the State of Oregon last year on some two-hundred-and-forty-thousand-odd acres. In that area there is no infestation. The insect is gone.

On the other hand, the insect is breaking out in numbers over some wider area, so that there is about 1,200,000 acres that should be treated. The States will contribute a part of the cost of treating.

We combated that infestation by the use of insecticides distributed by means of aircraft.

We have in this spruce budworm marked success in that kind of work in the West.

TUSSOCK MOTH IN IDAHO

We had another project in 1947 for which the Congress provided funds, and that was the tussock moth in Idaho, where we had some 400,000 acres infested. That acreage was treated, and there is no infestation of tussock moth in the outbreak stage in that area or any other area of the United States, to our knowledge, at the present time.

If we get at these things and get at them in time, we will have a good record of success.

Chairman McKELLAR. At what time of the year do you spray the spruce budworm?

Mr. ROHWER. The latter part of May, and that is continued and will be through by the end of June or substantially at that time.

If it is the wish of your committee, we would be very glad to go through each one of these items and explain the values involved and the procedures of the work.

Dr. Granger, of the Forest Service, and some of the others, associates, and people from the Department of the Interior, are here. They can answer all the detailed questions.

Chairman McKELLAR. Do you have any questions, gentlemen?

METHODS OF TREATMENT TO DESTROY FOREST PESTS

Senator CORDON. I am interested, Mr. Chairman, in at least a summary of the various methods of treatment. I notice here that the cost varies from \$1.20 per acre, where they use the airplanes, to as much as \$15 per tree. So it is quite clear that they require different types of treatment in different areas for different types of pests.

I think it would be helpful if the record would indicate the different types of treatment in the different areas.

Mr. GRANGER. Mr. Chairman, as Mr. Rohwer has stated, the treatment of the spruce budworms consists in spraying from an airplane. All of the other insects here are bark beetles. The present method of control is to spray the standing tree with a penetrating substance which has a poison in it, so that it kills the beetle while it is under the bark and before it emerges to attack additional trees.

However, there are some trees so large and the beetles so far up the trunk that we cannot reach them with ground spraying methods. We have to fell the tree, cut it up into logs, and roll the logs over so that they may be sprayed on all sides. That accounts for the higher cost, which runs up to \$15 a tree, because those are white-pine trees of very large size.

They are also of very high value, so that the extra cost of control is warranted by the values at stake for that species.

Chairman McKELLAR. Why does the tree have to be cut down? You say it is cut into logs. What happens to the tree?

Mr. GRANGER. As a usual thing, it is not possible to salvage very much of the timber which has to be cut down and sprayed.

One reason why we have to do this, Mr. Chairman, is that we have some of these areas which are inaccessible at this time, and we cannot go in there and log them. We are trying to open up these areas as fast as we can with additional roads; and, if we had the areas completely accessible, we would be able to harvest some of those trees before they are attacked by the beetles.

FUNDS EXPENDED IN FISCAL 1950

Chairman McKELLAR. How much did you spend on that type of work in the present fiscal year?

Mr. GRANGER. For the present fiscal year, for all of the road work in the national forests, done by the Forest Service, our appropriation is slightly in excess of \$10,000,000. About 80 percent of that has to be put on the maintenance of the existing system of roads, so that we have about \$2,000,000 left for construction.

Chairman McKELLAR. Are there any further questions, gentlemen?

Senator ELLENDER. You say that those trees are cut down in order to destroy the beetle and they are not sold. Are they permitted to rot?

Mr. GRANGER. Sometimes we can salvage some; but, as a general rule, it is not possible to get in and salvage very much of the timber.

Senator ELLENDER. As I understand, then, your method is to cut these trees down so as to prevent the spread of the beetle to other trees nearby. Is that correct?

Mr. GRANGER. That is right.

You see, these trees that are infested, Senator Ellender, are scattered here and there in the stand; and, even if the area were accessible by roads, it would not be possible to completely salvage them, because a logger cannot afford to pick around here and there over a very large area for a few trees.

Senator ELLENDER. Have you instances where, by the destruction of a few trees in an area, you stopped the spread of the pest?

Mr. GRANGER. Yes; there are very many instances of that sort.

PEST CONTROL IN BLACK HILLS NATIONAL FOREST

Senator GURNEY. Mr. Granger, was the same kind of beetle or worm involved in the Black Hills National Forest? Did you have the same thing there?

Mr. GRANGER. Yes; one of these bark beetles has done a good deal of damage in the Black Hills National Forest, and for the preceding 2 or 3 years we have been working on that infestation with money appropriated through this deficiency process.

It has reached the stage now where, as I recall it, we can do the rest of the clean-up work there with our regular funds.

Senator GURNEY. That is why I asked the question. I remembered that it was the same kind of treatment for the same kind of condition; that is, a beetle under the bark. You have cut some down, and others you would tar or spray.

I am wondering why the Black Hills National Forest was not included in this justification. I did not understand we appropriated quite as much money as you asked for at the time the regular appropriation was made.

Do you think you have the work well in hand, or do you know you have the work well in hand in the Black Hills National Forest?

Mr. GRANGER. We know, as well as we can be sure of a thing of this kind, that we can do what is called for this year, Senator, with our regular fund. About \$30,000 will be spent on that project out of our regular funds.

Senator GURNEY. This additional request here for 4½ million dollars is for areas that you did not describe to us as infested when the regular bill went through for the 1950 fiscal year; is that right?

Mr. GRANGER. Yes; that is right.

As Dr. Rohwer, explained, these things developed at such a late stage, and they do develop at such a late stage, that it is usually impossible to tell about them during the consideration of the regular measure.

NEED FOR EARLY APPLICATION OF CONTROL MEASURES

Senator CORDON. Can either of the witnesses indicate the necessity for early action and treatment within a very short period of time in order that it may be effective in any given year?

Mr. GRANGER. Dr. Rohwer mentioned that. I would like to emphasize that as vigorously as we possibly can, Senator, that there is a very limited time in most cases during which you can effectively control these insects.

Senator GURNEY. What is the best season of the year to do that?

Mr. GRANGER. In the case of this spruce budworm in Oregon and Washington, it has to be in a period of 2 to 3 weeks in late May and early June.

In the case of the bark beetles, it has to be done as soon as we can get into the area in the spring and before the beetles begin to emerge in early July.

ENGELMANN'S SPRUCE BARK BEETLE

In the case of the Colorado project here, of the Englemann's spruce bark beetle, that beetle has a little different habit. It has a 2-year life cycle, and therefore, we are going to be able to carry on our work on that job from spring until probably through September which is the biggest job, as you will notice here. It is fortunate in one way that we have such a long working period.

RECEIPT OF LOCAL CONTRIBUTIONS IN PROPORTION TO PRIVATELY OWNED LAND

Senator CORDON. I notice that there are only two of the five items where there is local cooperation. Is that due to the fact that the other three represent areas entirely within national forest, where all the timber affected is federally owned?

Mr. GRANGER. Either national forest or national park timber.

There is one project, the one on the east slope of Colorado, that has a scattering of small private holdings. But the present infestation is mainly on publicly owned land.

If I may, I would like to elaborate a little on that, because that question was raised in the hearing in the House. There seemed to be some feeling there that the States should cooperate financially in the

control of these infestations on national forest lands, which is a completely new principle which has not been advanced before, and which, frankly, we do not think is a sound one.

That is because, under our pattern of cooperation in fire control, as most of you know, the Federal Government not only protects its own lands at its own expense, but it also bears part of the cost of protecting private lands from fire.

So we see no reason why we should withhold funds to control these pests on the national forest or national parks because there is no cooperation from the State forthcoming.

Senator CORDON. With reference to the cooperation in the State of Oregon, and somewhat in Washington, where the requested funds from the Federal Government are \$880,000 and the cooperative amount is \$320,000 from the State and private funds, that cooperation is intended to represent a figure roughly equal to the proportion of privately owned and State-owned timber that is involved in the particularly infested area.

That is right, is it not?

Mr. GRANGER. Yes, sir. It is almost precisely equal and it involves the State paying for the control work on State land completely. The State and the private owners then between them pay 75 percent of cost on the private land and the Federal Government pays the other 25 percent.

TIMBER TAX IN OREGON

Senator CORDON. Is it not a fact that in the State of Oregon they levy a per acre tax on the timber itself to raise the funds necessary?

Mr. GRANGER. I think probably not for this particular work. This is an appropriation by the State, but, as you know, of course, in fire protection they do. They also have a tax which goes for research work in the State.

Senator CORDON. I was under the impression that it also went for this.

Mr. GRANGER. I could be wrong on that, but I am not sure.

AMOUNT OF PER ACRE PAYMENT FOR CONTROL OF PESTS

Senator ELLENDER. In answer to a question by Senator Cordon, you said that in the case of the spruce budworm the amount paid by the cooperators there is proportionately the same as that which the Federal Government pays; is that correct?

Mr. Granger. No; it is based on the proportion of State and private lands in comparison with the federally owned lands.

Senator ELLENDER. Is that on an acreage basis, then, that they pay about \$1.20 an acre?

Mr. GRANGER. That is right.

Senator ELLENDER. Does the same prevail with respect to the item of mountain pine beetle and white pine in northern Idaho, item (c)?

Mr. GRANGER. Yes.

Senator ELLENDER. Pursuant to the question, further, that Senator Cordon asked, as I understand it, the (b), (c), and (d), items are exclusively in national forests, for all practical purposes, either national forests or national park lands; is that correct?

Mr. GRANGER. Yes.

Senator CORDON. The same principle applies to all the items.

Chairman McKELLAR. Are there any further questions?

If not, we are very much obliged to you, gentlemen.

We will now hear Mr. R. A. Colgan, Jr., executive vice president of the National Lumber Manufacturers Association.

You may proceed, sir.

STATEMENT OF RICHARD A. COLGAN, JR., EXECUTIVE VICE PRESIDENT OF THE NATIONAL LUMBER MANUFACTURERS ASSOCIATION

GENERAL STATEMENT ON CONTROL OF FOREST PESTS

Mr. COLGAN. My name is Richard A. Colgan, Jr., I am executive vice president of the National Lumber Manufacturers Association of Washington, D. C., and I appear here in behalf of that association as well as 16 affiliated regional and species associations of lumber manufacturers, several of which are located in the western region of the United States.

I would like to speak with reference to the item entitled "Control of forest pests, Forest Pest Control Act," which appears on page 13 of the House Document No. 455.

We of the lumber industry have consistently requested economy in Federal expenditures. We believe in that premise. However, the deficiency appropriation under consideration represents funds needed for emergency purposes and thus constitutes an exceptional situation.

In this regard I would like to explain our position.

The Federal Government is a very substantial owner of forest lands in our Western States. The States also have large ownerships in many areas and private forests are intermingled with the Federal and State holdings.

The present serious infestations of forest insects, including spruce budworm, bark and pine beetles are now occurring mostly on Federal timberlands in Oregon, Washington, Idaho, Wyoming, and Colorado. This is causing great consternation to members of the lumber industry located in those five States. These serious infestations on Federal lands have been the cause of numerous meetings dedicated to discussion of control means.

That is because the lumber industry uses much of that timber and many mills are dependent on it.

URGENCY OF PROGRAM

Gentlemen, there is great urgency that this problem be faced without delay and that immediate steps be taken to eradicate this menace of infestation of all forest lands in those States.

Great losses of timber have already been sustained and even greater destruction will be wrought if these pests are not controlled while in the early stages of their development.

AMOUNT OF APPROPRIATION

It has been proved that it is cheaper to combat these insect pests in their primary stage of development. Prompt action in making the requested \$4,500,000 appropriation available for control now will save

large areas of timber in many forest regions as well as result in saving of Federal funds in the long run. Any other approach will result in a situation of being penny-wise and pound foolish.

Private owners and the States are doing what they can to eradicate these forest pests, but there is a limit to their effectiveness, especially so when you realize that, if the infestations are allowed to go unchecked in Federal timberland, it will result in widespread destruction of areas so large that overwhelming size alone will prohibit effective action.

These forest pests are no respecters of property lines, and experience has shown that such insects insufficiently controlled can threaten the continued existence of an entire forest industry in a given area.

I strongly urge your favorable consideration in this case. The requested appropriation represents a minimum amount needed to stop an epidemic infestation before it really begins.

Chairman McKELLAR. Is there anything further you wish to say, sir?

LETTER FROM WESTERN PINE ASSOCIATION

Mr. COLGAN. If there are no questions, I would like to ask permission to also file a letter from the Western Pine Association on this subject.

Chairman McKELLAR. It will be put in the record, without objection.

(The letter referred to is as follows:)

WESTERN PINE ASSOCIATION,
Portland, Oreg., January 23, 1950.

GEORGE M. FULLER,
National Lumber Manufacturers Association,
Washington, D. C.

DEAR MR. FULLER: From various sources and reports I understand that the Bureau of Entomology and Plant Quarantine and the Forest Service have asked for supplemental funds (by deficiency bills) for a number of western insect-control projects. These include:

	<i>Amount</i>
1. Spruce budworm on fir in Oregon and Washington-----	\$880, 000
2. Mountain pine beetle in white pine in northern Idaho-----	255, 000
3. Mountain pine beetle in lodgepole pine in southeast Idaho and western Wyoming-----	418, 000
4. Black Hills beetle in ponderosa pine in Colorado-----	210, 000
5. Engelmann spruce bark beetle in Colorado-----	3, 000, 000
Total-----	4, 763, 000

There are 3 other projects now being developed which will likely be submitted for funds if it isn't too late. These are:

6. Bark beetles in ponderosa pine and sugar pine of California-----	(1)
7. Mountain pine beetle in lodgepole pine in Montana (Thompson River project)-----	266, 000
8. Spruce budworm on fir in northern Rocky Mountains (test spray- ing only—several million acres infested)-----	40, 000

1 No estimate available.

At this time our industry members are supporting items 1, 2, and 7. In regard to the other projects, we are now getting information and justification statements from our members in the area. Since items 3, 4, and 5 are mostly on Federal lands, few of our group will have direct experience with the local situation. It is very likely that this serious outbreak will be discussed at the coming meeting in San Francisco of our forest conservation committee. We will probably come to some understanding, too, of the projects that have greatest urgency. Kindly keep me advised of any new developments in Washington for use by our committee.

There is a great push on right now from folks in the Oregon and Washington infested areas to get funds for control of spruce budworm. Governors Langley and McKay are leading the fight, as you perhaps have heard. As far as I can tell, items Nos. 1, 2, and 7 in my list are fully justified and should be supported. From all evidence here, I believe our industry everywhere wants these control projects without fail. We may wish to add some or all of the others to our urgency list after we have had opportunity to check and study the details including values at stake. The Colorado situation is of overwhelming size, and it is most difficult to know what to do and how much one can afford to spend.

Sincerely,

ERNEST L. KOLBE, *Forester.*

SPRUCE BUDWORM SPRAYING IN PACIFIC NORTHWEST

Chairman McKELLAR. Are there any questions, gentlemen?

Senator CORDON. I would like to ask Mr. Colgan if he knows what was the experience last year with reference to spraying for the spruce budworm in the Pacific Northwest, particularly in Oregon and Washington.

Mr. COLGAN. Senator Cordon, that was a cooperative effort. I have heard from industry that everyone was well pleased with the cooperation from all segments, State and Federal, the Bureau of Quarantine, and the Forest Service. I think everyone is well pleased with the survey results of the infestation at the present time. That is, it has been checked in the area that was sprayed.

Senator GURNEY. And found effective?

Mr. COLGAN. Generally effective; yes, sir.

LETTER FROM SPRUCE BUDWORM ACTION COMMITTEE

Chairman McKELLAR. At this point, I will insert in the record a letter addressed to me by Mr. Ernest L. Kolbe, chairman of the Spruce Budworm Action Committee, Portland, Oreg.

(The letter referred to is as follows:)

SPRUCE BUDWORM ACTION COMMITTEE,
Portland 4, Oreg., January 4, 1950.

HON. KENNETH McKELLAR,
Senate Office Building, Washington, D. C.

DEAR SENATOR McKELLAR: The timber resources of Oregon and Washington are seriously threatened by the spruce budworm. Over 2,000,000 acres of Douglas fir and associated species are now infested with this insect whose reputation as a tree-killer is well known in eastern Canada and eastern United States. On 1,000,000 acres actual dying of timber is in progress and aerial spraying must be carried out in the spring of 1950. Similar spraying eliminated the pest on 270,000 acres of Federal, State, and private timber in Oregon in the spring of 1949 at the remarkably low cost of \$1.07 per acre.

On October 1, 1949, a committee representing the various ownerships of the timber now in jeopardy and other public and private groups issued a plan of control for the aerial spraying of the 1,000,000 acres in worst condition. In every community of the invested area, organizations, groups, and individuals join us in demanding action. They are vigorously endorsing the control program given in the enclosed report. The organizations having a part in the preparation of that control plan are listed on its cover. Others such as the chambers of commerce in Pendleton, Oreg., Walla Walla, Wash., for example, are active in organizing farmers, ranchers, and other timberland owners to assist in their locality.

The Federal ownerships include 65 percent of the timberland in the area to be sprayed. So closely intermingled is this Federal timber with the private and State lands that only by the spraying of all ownerships can any control work be effective. The States of Oregon and Washington have already set up and made available \$214,000 in addition to regular funds to cover their share of the job. Assessments to the amount of over \$100,000 will soon be made by these two

States from the timber owners. In other words, State and private funds as proposed are assured. But these funds are of no use until Federal funds are available.

We understand that the Bureau of Entomology and Plant Quarantine, the Forest Service and the Department of the Interior have or will soon be submitting a request for Federal participation in this cooperative undertaking. Our chief concern is not only that the Federal appropriations are made but that they be made available early enough to permit adequate preparation for the successful execution of this tremendous project.

We find that funds should be made available by mid-February so that chemicals may be stock-piled—the largest manufacturer here can make only 10,000 pounds of DDT a day and we will need a million pounds. Many planes need to be modified and equipped for the spraying. At best this takes weeks. We will need storage tanks for liquid spray materials in a dozen remote areas for a large portion of the million gallons of spray material. We will need to build landing strips and some roads. All this and many other details must be ready for the 2- to 3-week period in the spring when the budworms emerge and are vulnerable to DDT spray.

The urgency of Federal funds for this important project warrants that Congress give early consideration to this program. Because of this brief period during which the spraying is effective, this particular insect project has the highest urgency. We are asking that it be included in the most urgent deficiency appropriation bills considered by Congress in January. We ask your help in this emergency. Last spring even with a late season and correspondingly late emergency of the insect, the 270,000 acre project almost had to be abandoned because of late Federal funds. With our 1950 project almost four times as large, a delay of funds would be disastrous.

Very truly yours,

ERNEST L. KOLBE,

Chairman, Spruce Budworm Action Committee.

Chairman McKELLAR. Are there any other questions, gentlemen? We are very much obliged to you, sir.

Mr. COLGAN. Thank you, sir.

CIVIL FUNCTIONS, DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS

STATEMENT OF HON. CHAN GURNEY, A UNITED STATES SENATOR FROM THE STATE OF SOUTH DAKOTA

REQUEST FOR FUNDS FOR FLOOD-CONTROL PROJECTS IN NORTH AND SOUTH DAKOTA

Senator GURNEY. Mr. Chairman, while a new witness is coming forward, may I ask that the testimony given by General Pick and the remarks made by myself yesterday before the Civil Functions Subcommittee be made a part of this record, starting at the bottom of page 484 in the transcript and including 485, 486, and down toward the bottom of page 487?

Chairman McKELLAR. Without objection, it is so ordered. (The material referred to is as follows:)

Senator GURNEY. General, the other day you made a statement that when you came to the year of peak work on a dam, it was possibly the year of closure. In considering the construction of the dam, the peak work would be done in the year that you made the closure. Possibly you meant the year before. I notice in these schedules that there is about the same amount of money in the year prior to closure.

Then in talking about the dams in North Dakota, especially, and South Dakota, you said that there is such a short construction season because they are earthen dams that you could not do any work while there was frost in the ground and you had to have plenty of money to put lots of equipment in there and really throw a lot of dirt during the short construction season?

General PICK. Yes, sir.

Senator GURNEY. I am glad you made that statement because I have been aware of that, having lived in the territory.

While Senator McClellan gets ready with his questions, I thought I would talk about South Dakota because I do not know any better time than the present.

I am reminded of the fact that all evidence points to the dams in the Dakotas being ready to produce electricity in 1955 instead of the middle of 1954. That is what we are concerned about back home now, about there being more electricity needed.

AMOUNT FOR FORT RANDALL RESERVOIR, S. DAK.

Alluding now to the short construction season, the budget here on the Fort Randall Dam recommends \$37,500,000.

General PICK. Yes, sir.

Senator GURNEY. I was told by the engineer in charge out there and General Sturges, the division engineer, that if he could get some funds early in the year, that he could save one construction year, give us electricity in 1954 instead of 1955. He wanted \$8,000,000 available in February so that he could let his contracts, advertise them, and throw the dirt this year; and that would put him back on the 1954 completion date schedule.

AMOUNT REQUESTED IN DEFICIENCY REQUEST

With that \$37,500,000 in the budget, if \$8,500,000 were appropriated now, in a deficiency bill, and that amount deducted from the general bill, fiscal year 1951, would that actually save you a year in completing the dam?

General PICK. That would allow the letting of contracts this spring in time to make full use of this working season. If you do not, then that work would have to go over to the next season and that is putting the project a year later.

Senator GURNEY. We would lose a year?

General PICK. Yes, sir.

Senator GURNEY. Well, I have in mind with that concurrence, in my statement just now by you, that I might ask the committee to consider the advisability of making that much available now and then cutting down the amount in this general bill, the amount they appropriate now. Would that be satisfactory?

General PICK. The division engineer has made a study on that, sir, and he has recommended it.

Chairman McKELLAR. The deficiency bill is before the committee now?

Senator GURNEY. That is right.

Chairman McKELLAR. And will probably be taken up in the next day or two, so it would be well for General Pick to comment on that.

General PICK. I see no objection to it.

Chairman McKELLAR. You think it will save them a year's time?

General PICK. I think so, sir.

I think it will give the benefit of this full working season out there for the funds that we would have.

Senator GURNEY. Thank you very much.

Senator GURNEY. That, Mr. Chairman, is the testimony I should give before this committee, the Deficiency Subcommittee, with the request that the money be made available in the deficiency bill and be deducted from the regular 1951 fiscal-year appropriation.

Chairman McKELLAR. We will next hear the representatives from the Bureau of Employment Security of the Department of Labor concerning the item of reconversion unemployment benefits for seamen.

DEPARTMENT OF LABOR

RECONVERSION UNEMPLOYMENT BENEFITS FOR SEAMEN

STATEMENTS OF ROBERT C. GOODWIN, DIRECTOR; GORDON WAGENET, DIRECTOR OF UNEMPLOYMENT COMPENSATION; R. O. KINSINGER, CHIEF, STATE FINANCING; V. S. HUDSON, ASSISTANT BUDGET OFFICER

SOCIAL SECURITY ACT PROVISIONS

Chairman McKELLAR. You may proceed, sir.

Mr. GOODWIN. Mr. Chairman, my name is Robert C. Goodwin. I am director of the Bureau of Employment Security in the Department of Labor.

We are here today to request a supplementary appropriation in connection with title XIII of the Social Security Act, which provides for temporary reconversion unemployment benefits for seamen who have been employed on American vessels operated under so-called general agency agreements of the War Shipping Administration and its successor, the United States Maritime Commission.

As Federal employees, these seamen were not covered under State unemployment-insurance law, although the laws of the chief maritime States cover other maritime workers.

That is, other than Federal workers are covered.

Title XIII would have expired on June 30, 1949, but it was extended for 1 year by House Joint Resolution 287, which was signed by the President on July 22, 1949.

SUMMARY OF FUNDS AVAILABLE

I have here a table which shows the amounts appropriated for benefits under this title, the unexpended balance available, and the additional appropriation requested for 1950. I can submit that for the record, if you wish, Mr. Chairman.

Chairman McKELLAR. Without objection, it will be inserted into the record.

(The table referred to is as follows:)

Appropriated 1950.....	\$300, 000
Reappropriated 1950 (unobligated balance from 1949).....	277, 000
Total funds available 1950.....	577, 000
Payments July 1, 1949-Jan. 31, 1950.....	400, 000
Balance available for payments 1950.....	177, 000
Supplemental appropriation request.....	168, 000
Total for payment February through June 1950.....	345, 000

PAYMENTS MADE TO DATE IN FISCAL YEAR 1950

Mr. GOODWIN. The table shows that there was appropriated for the fiscal year 1950 \$300,000. There was reappropriated from the unobligated balance from 1949, \$277,000, which made available a total of \$577,000 for the fiscal year 1950.

The payments from that, from July 1, 1949, to January 31, 1950, were \$400,000, leaving a balance available for payments for the rest of the year in the amount of \$177,000.

AMOUNT NEEDED FOR UNEMPLOYMENT BENEFITS PROGRAM ENDING IN
JUNE 1950

The supplemental appropriation request is for \$168,000, which would give us a total for payments from February through June of \$345,000.

The payments for July through January amount to this \$400,000 figure I gave you, leaving this unobligated amount of \$177,000 for the remaining 5 months of the fiscal year.

The payments have been running about \$80,000 a month. So that the estimate is a very conservative one.

If the Congress appropriates what is requested, we would have on an average of about \$69,000 for the remaining months of the year, which would wind up the program. This is the end of the program. The legislation expires and the program ends this fiscal year.

Senator CORDON. Then what happens to the seamen?

Mr. GOODWIN. This type of employment, Senator, is expiring. They will be eligible now under State laws for private employment.

This covers only Government employment that existed during the war period and was a special, temporary program set up for that purpose.

Senator CORDON. This represents a payment in a transitional period going from Government employment into private; is that right?

Mr. GOODWIN. Yes, sir.

Senator ELLENDER. Except for the fact that the Congress extended this for a year, you would not be here to ask us to increase the appropriation that was made last year of \$577,000; would you?

Mr. GOODWIN. That is right. We need this additional amount of money to wind up the program. That is what it amounts to.

Chairman McKELLAR. Are there any questions, gentlemen?

We are very much obliged to you gentlemen.

Mr. GOODWIN. Thank you very much, sir.

Chairman McKELLAR. The committee will be in recess until 2 o'clock tomorrow afternoon.

(Thereupon, at 4:40 p. m., February 16, 1950, the committee recessed, to reconvene at 2 p. m. Friday, February 17, 1950.)

URGENT DEFICIENCY APPROPRIATION BILL, 1950

FRIDAY, FEBRUARY 17, 1950

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 2 p. m., pursuant to recess, in the Senate Appropriations Committee room, the Capitol, Hon. Kenneth McKellar (chairman) presiding.

Present: Senators McKellar, Hayden, Maybank, Hill, Gurney, Ferguson, and Cordon.

Chairman McKELLAR. The subcommittee will come to order.

This afternoon we will first hear from the Tennessee Valley Authority.

INDEPENDENT OFFICES

TENNESSEE VALLEY AUTHORITY

STATEMENTS OF GORDON R. CLAPP, CHAIRMAN OF THE BOARD; GEORGE F. GANT, GENERAL MANAGER; R. A. KAMPMEIER, DIRECTOR OF POWER UTILIZATION; G. O. WESSENAUER, MANAGER OF POWER; JOHN OLIVER, CHIEF BUDGET OFFICER; MARGUERITE OWEN, WASHINGTON REPRESENTATIVE; AND WALTER J. WILLIAMS, DIRECTOR, DIVISION OF PRODUCTION, ATOMIC ENERGY COMMISSION

LETTER OF REQUEST AND JUSTIFICATION FOR SUPPLEMENTAL APPROPRIATION

Chairman McKELLAR. Before you proceed, Mr. Clapp, do you wish to place the justification in the record?

Mr. CLAPP. Yes, sir.

Chairman McKELLAR. Very well; without objection, the justification will appear in the record at this point.

(The justification is as follows:)

TENNESSEE VALLEY AUTHORITY,
Knoxville, Tenn., January 26, 1950.

Hon. CLARENCE CANNON,

*Chairman, Committee on Appropriations,
House of Representatives, Washington, D. C.*

MY DEAR MR. CANNON: The President has recommended that a supplemental appropriation in the amount of \$12,365,000 be made available to TVA for use in the current fiscal year. Because of urgent need to begin work on certain of the items covered by the request, we respectfully urge that it be considered by your committee at the earliest possible date. The estimate would accomplish the following:

1. Provide \$7,000,000 to begin construction immediately on facilities required to meet an increase in the power requirements of the Atomic Energy Commission at Oak Ridge.

2. Provide \$5,000,000 to enable TVA to complete the 1950 construction program approved last spring by the Congress. Estimates for this program were reduced \$6,876,450 in anticipation of a general decline in construction costs and with the understanding that TVA would submit a deficiency request in the event that costs did not follow the anticipated trend. Construction costs indices have increased rather than decreased since action was taken on the 1950 budget, but adjustments have been made to hold the deficiency request to \$5,000,000.

3. Provide \$365,000 toward the cost of pay increases comparable to Public Law 429.

4. Increase the ceiling on administrative and general expenses incorporated in title II of the Independent Offices Appropriation Act, 1950, from \$3,699,000 to \$3,845,000. The increase of \$146,000 is largely to accommodate the cost of pay increases chargeable to the administrative and general expense accounts.

Enclosed with this letter is a statement explaining the necessity for each of the items above. We are ready to appear before your committee at any time with respect to this supplemental estimate. If additional information is needed prior to the hearings, we are prepared to supply it promptly.

Sincerely yours,

GORDON R. CLAPP,
Chairman of the Board.

JUSTIFICATION OF SUPPLEMENTAL APPROPRIATION REQUEST FOR THE FISCAL YEAR ENDING JUNE 30, 1950

1. Facilities required to serve expanded power requirements at Oak Ridge

The supplemental request for the fiscal year 1950 includes \$7,000,000 to permit work to begin immediately on additional generating and transmission facilities. These facilities are required to supply the Atomic Energy Commission with a large quantity of additional power for the operation of a new atomic energy facility which is under construction at Oak Ridge.

The funds are to be used for beginning construction of the following facilities:

Unit No. 4 at Johnsonville steam plant.....	\$1, 500, 000
2 units at a new steam plant to be located at Widows Creek in north-east Alabama.....	4, 500, 000
Transmission lines and terminal facilities.....	1, 000, 000
Total.....	7, 000, 000

The total cost of these facilities, scheduled for completion about mid-1952, is estimated to be about \$59,000,000.

While the capacity of the TVA system is being considerably increased by new generating units now under construction, that capacity will be required to supply the normal increase in the power demands of TVA's customers in the area now served with TVA power. The present construction program also will provide the power required by the AEC for its K-29 plant now under way at Oak Ridge, but it does not provide any power for the large addition recently undertaken at Oak Ridge.

Present schedules of the Atomic Energy Commission call for completion of various parts of the new atomic production facilities at Oak Ridge beginning in September 1951 and extending through July 1952. In view of the somewhat longer time required for construction of new power facilities, it is necessary that TVA be able to start promptly with the construction of the power facilities outlined above. In order to meet the AEC's earlier needs for power, during the period between September 1951 and the time the new power facilities can be placed in operation in 1952, TVA is undertaking to augment its own generation with power obtained at somewhat higher cost from interconnecting power systems. It must be recognized that the use of TVA's interconnecting facilities for this purpose will interfere for that period with other transfers of power which the interconnections were built to permit, and will reduce temporarily the important margins of reserve which are being built up by the several power systems. It is practicable, however, to take such steps for an interim period and the necessary arrangements are being developed.

In selecting the locations at which to provide added capacity to the TVA system, consideration was given to the factors of urgency and economy in the

over-all system balance between load and supply. The addition of a fourth unit at the Johnsonville steam plant would make power available in a shorter period of time than from any other major source. The remainder of the additional power requirements can be imposed upon the Fort Loudoun and Watts Bar hydro plants and the Watts Bar steam plant, which are in the vicinity of Oak Ridge, by providing capacity at a new location to supply a corresponding part of the other growing loads to which Fort Loudoun-Watts Bar power is now transmitted.

Heavy and rapidly growing peak loads in the Chattanooga area and major new off-peak demands to be expected at the Air Engineering Development Center recently located at Tullahoma, Tenn., make the reaches of the Tennessee River downstream from Chattanooga (where the river is closest to the AEDC site) the proper area in which to locate the new steam plant. With a new plant in this area, TVA's major sources of steam power—Watts Bar, Johnsonville, and the new plant—will be well distributed to supplement hydro generation throughout the service area.

Following extensive foundation investigations, the Widows Creek site between Bridgeport and Stevenson, Ala., was selected as the most desirable location for the proposed new plant. This site has satisfactory access to water, rail, and highway transportation facilities together with an adequate supply of condenser circulating water, and availability of fuel at reasonable cost.

Transmission facilities will be required for connecting the Widows Creek plant to the 154-kilovolt system network. Additional lines must be built in the vicinity of Oak Ridge with terminal facilities at existing generating plants. Also some strengthening of the existing transmission system will be accomplished by the construction of a second line from Watts Bar to Great Falls and by connecting the Watts Bar-Alcoa line into the Fort Loudoun hydro plant.

2. Deficiency in construction allowance, fiscal year 1950

Five million dollars of the supplemental request is to enable TVA to keep its 1950 construction activities on schedule. When the Congress acted upon the regular appropriation for the current fiscal year, it approved the program recommended by TVA, but reduced the construction estimates by \$6,876,450. The position of the Appropriations Committee was stated as follows:

"The denial of 15 percent of funds requested for the construction program is in line with the formula set forth in detail in the report on the recently passed civil-function appropriation bill. It is hoped construction costs will permit completion of the 1950 program with funds provided. However, the committee wishes to make it clear that the entire construction program as presented in the budget has been approved and that, in the event construction costs do not continue to decline, TVA will be permitted to submit a deficiency request for additional funds and given full opportunity to justify the need therefor." (P. 29 of House committee report on independent offices appropriation bill, 1950.)

Following passage of the bill by the House, TVA was requested by the Senate Appropriations Committee to indicate changes in the bill considered absolutely necessary, and replied in part as follows:

"* * * Since the report on the bill makes it clear that the TVA program in the President's budget is approved, and that, in the event costs do not decline as anticipated, TVA will be given full opportunity to justify its need for additional funds in a deficiency request, we have no changes which could be termed 'absolutely necessary.'

"We hope that the lower costs anticipated by the House can be realized, and we shall take every possible advantage of any decrease in costs. Due to the way in which the TVA estimates were developed, however, it appears certain now that we shall be forced to seek a restoration of funds next fall in order to carry out the appropriation program on schedule. A careful analysis of our construction estimate, a summary of which is enclosed, indicates that only about one-fourth of the estimate will be subject to the price reductions which are most likely to occur." (P. 1074, Senate hearings on independent offices appropriation bill for 1950.)

The rather sharp decline in construction costs which was expected to occur in the summer and fall of 1949 did not develop. As a matter of fact, the nationally recognized construction cost index maintained by the Engineering News Record reached an all-time peak of 480.43 in October 1949, about 6 months after the TVA program was under consideration by the Congress. The TVA construction estimates for 1950 were developed in August 1948 when the Engineering News Record index was 477.11. This index peaked at 480.21 in October 1948 and declined to 472.10 in May 1949. Beginning in May, however, it once more began to climb and stands at 480.32 in December 1949.

Despite the fact that construction costs in general have not declined, TVA has been able to identify certain savings not anticipated in its original budget and to make certain additional adjustments which in total reduce the estimated deficiency from \$6,876,450 to \$5,000,000. These savings and adjustments are itemized below:

(a) Savings in the total cost of South Holston project. The 1950 budget estimated the total cost of South Holston at \$34,500,000. It now appears that due to savings in camp operations, land costs, and certain other activities, the project will be completed for \$34,000,000. The portion of the savings applicable to the current year is estimated at-----	\$426, 000
(b) The project for raising Hales Bar Dam, started in 1946 and estimated to cost as much as \$5,400,000, is being completed in the current year at a cost which should not exceed \$5,100,000. The portion of the savings applicable to 1950 is-----	250, 000
(c) More rapid progress was made in 1949 on Wheeler units 7 and 8 than was anticipated. This reduces the 1950 appropriated fund requirements-----	467, 000
(d) The original 1950 estimate included \$765,000 for emergency replacements at the chemical plants at Muscle Shoals. Experience so far this year indicates that with some degree of risk this estimate can be reduced by-----	265, 000
(e) There were, at the end of fiscal year 1949, small underruns in operating programs financed from appropriated funds. It is proposed that in lieu of increasing the request, these operating savings from last year be applied to the 1950 construction program in the amount of-----	289, 170
(f) Miscellaneous savings are expected to total-----	179, 280

Total savings under original estimates----- 1, 876, 450

Construction work for the year has been scheduled to complete the program approved by the Congress. However, in order to perform all of this work, a supplemental appropriation in the amount of \$5,000,000 should be available not later than March 1950. If these funds are not made available, practically all important appropriation-financed construction work which would normally be carried on between March and July will have to be curtailed until the 1951 appropriation becomes available.

At the Johnsonville steam plant \$1,115,000 of work has been scheduled for the March to July period based on securing the supplemental appropriation. If these funds are not available a slow-down of the construction operations, which have been rapidly brought up to a high tempo, will seriously impair the possibility of this plant being of maximum assistance in relieving a critical power situation in the fall and winter of 1951, and of completing on schedule the added unit which will be the first step in providing a firm power supply for the Oak Ridge expansion. Approximately \$8,700,000 (57 percent) has been obligated through October (one-third year) out of a budget for the year of \$16,065,000, without the proposed supplemental appropriation, which indicates that the supplemental amount will unquestionably be needed.

A significant amount of earth and rock fill, highway relocation, and land purchases at South Holston Dam (estimated at \$589,000) would have to be deferred until the summer and fall of 1950 which, with adverse weather conditions, might seriously jeopardize the ability to close the dam in November 1950 and might even result in the loss of almost a full year in initial operation. It is impossible to place the closure gates in the diversion tunnel of a dam of this size and type except in periods of low water which occur only during the fall of the year from about September to mid-November. If closure were postponed until the fall of 1951 it would mean the loss not only of the 35,000 kilowatts of power at South Holston itself but also the power that could have been generated at downstream plants from South Holston water releases.

Similar adverse effects would be realized in connection with installing the fifth and sixth generating units at Pickwick and the fifteenth and sixteenth generating units at Hales Bar Dam. Present schedules contemplate the expenditure of \$1,873,000 on these installations between March and July 1950. If these funds are not available, the installations will necessarily be deferred for the same period, thus delaying the power from these 120,600-kilowatt units that is badly needed at the critical period when they are scheduled to come on the line. In addition, the

field work at Hales Bar would have to be stopped, thus increasing the cost of the job.

Difficulty in meeting schedules and added costs because of delays would also be experienced in connection with other facilities under construction.

3. *Cost of pay increases comparable to Public Law 429*

The total cost of pay increases comparable to Public Law 429 is estimated at \$760,000 for the 1950 fiscal year. Of this amount, 52 percent, or \$395,000, is being financed from corporate funds. The balance, \$365,000, is included as part of the supplemental appropriation estimate.

The average number of employees required to carry out the 1950 program is estimated at 14,109. Of this number, 5,180 have received pay increases comparable to Public Law 429, which became effective October 30, 1949. The remainder are trades and labor employees whose wage rates are fixed on the basis of rates generally prevailing in the area of TVA operations. Current wage conferences with this latter group of employees will probably result in adjustments for certain classifications, but the cost of these adjustments will be financed from corporate funds or absorbed within appropriated funds already available and are not included in the supplemental estimate.

The calculation of the \$760,000 cost of increases comparable to Public Law 429 is as follows:

(a) Cost of pay increases proper for 17½ pay periods of the fiscal year—	\$563, 000
(b) Leave reserve adjustment due to increase in pay schedules—	158, 000

TVA's accounts are kept on an accrual basis. Under this method of accounting, liabilities—including liabilities for accumulated annual leave—are recorded when they are incurred. Since the pay increase increases the monetary value of each employee's accumulated annual leave, the leave reserve must be increased by the above amount even though no immediate cash outlay may be involved. This practice is recommended by the General Accounting Office for all Government corporations.

(c) Retirement plan expense—	39, 000
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TVA contributions to the TVA retirement system, as well as the payments made by the employees, vary directly in proportion to annual salaries. The increase of \$563,000 in the pay-roll figure results in an increase in retirement-plan expense of \$39,000.

Total cost of pay increases comparable to Public Law 429—	760, 000
Less amount chargeable to programs and activities financed from corporate funds—	395, 000
Amount included in supplemental estimate—	365, 000

4. *Limitation on administrative and general expenses, 1950*

The language of the supplemental estimate would increase the statutory ceiling on administrative and general expenses from \$3,699,000 to \$3,845,000. The increase of \$146,000 is broken down as follows:

(a) \$98,000 is to cover that portion of the \$760,000 total cost of pay increases comparable to Public Law 429 which is chargeable to the administrative and general expense accounts.

(b) \$41,000 is to cover certain costs classified as administrative and general expense but which are directly related to the new power facilities being proposed to meet the expanded requirements of the Atomic Energy Commission. Because of progressively more stringent limitations on administrative and general expenses, management service staffs have been reduced to a point that the additional work load occasioned by the new facilities cannot be handled without a small increase in personnel. The situation with respect to administrative and general expenses is described in detail in the budget program submitted for the 1951 fiscal year. The increase in the 1950 ceiling would permit the addition during the current fiscal year of 21 employees included in 1951 estimates. The \$41,000 is apportioned \$25,000 to procurement, \$12,000 to accounting, and \$4,000 to personnel activities.

(c) \$7,000 is to cover the cost of increased salaries for the Board of Directors pursuant to Public Law 359. In accordance with the provisions of this act the expense of the salary increases is being absorbed within funds now available to TVA; however, it is necessary that the ceiling on administrative and general expenses be raised to permit the use of the funds within this category.

The \$146,000 increase in the administrative and general expense ceiling is required even though the total of such expenses as shown on schedule B-4 of the 1951 budget justification document is in precise agreement with the present ceiling of \$3,699,000. This is due to the fact that certain costs, which also happen to total \$146,000, and which the 1950 budget assumed would be classified as administrative and general expenses, are in fact being charged directly to projects and programs.

The transfers grow out of changes in the accounting treatment for retirement plan expense and costs of installing permanent graphic displays in TVA projects. The retirement expense reclassified relates to employees whose salaries are not charged to the administrative accounts, and the shift has been made in the interest of more precise cost allocations to the various TVA programs. The amount being shifted is estimated at about \$145,000. The change in accounting treatment for permanent graphic displays results from the fact that these small jobs are being handled on the basis of work orders from the various projects. The amount involved in 1950 is less than \$1,000.

Accounting changes of this kind are anticipated by the appropriation act, but section 306 stipulates that when such changes are made the limitation should be correspondingly reduced. This means in effect that the 1950 ceiling must cover all costs classified as administrative and general expenses on schedule B-4 of the 1951 budget (\$3,699,000) and also the costs which have been transferred (\$146,000) or total expenditures of \$3,845,000.

LETTER DESCRIBING HOUSE ACTION ON TVA

Chairman McKELLAR. Very well, Mr. Clapp, you may proceed.

Mr. CLAPP. Thank you, Mr. Chairman.

On February 10, I wrote a letter to you as chairman of the Senate Appropriations Committee describing the action taken by the House of Representatives on the urgent deficiency appropriation bill for 1950 which contains an important item that would make possible the provision of power supply for the expanded program of the Atomic Energy Commission.

Chairman McKELLAR, Without objection that letter may go into the record at this point.

(The letter is as follows:)

TENNESSEE VALLEY AUTHORITY,
Knoxville, Tenn., February 10, 1950.

HON. KENNETH McKELLAR,
Senate Office Building, Washington, D. C.

DEAR SENATOR McKELLAR: The first urgent deficiency appropriation bill for 1950 as approved by the House of Representatives includes an item of \$11,682,500 for the Tennessee Valley Authority—an amount \$682,500 below the figure recommended by the President.

The House committee report indicates that of the total reduction, \$500,000 is intended to apply to the \$5,000,000 requested to complete the 1950 construction program approved by the Congress last spring. At that time, Congress reduced TVA's construction estimates by \$6,876,000 or 15 percent, in anticipation of a general decline in construction costs, and with the understanding that TVA would submit deficiency requests if costs did not decline as anticipated. Construction cost trends since that time have been up rather than down. In our supplemental request, we nevertheless asked for restoration of only \$5,000,000 of the \$6,876,000 cut applied last spring, and presented to the House committee the details by which we are able to reduce the original estimate of requirements for this fiscal year.

We believe that the facts presented to the Senate subcommittee last spring—facts which we brought up to date at our hearing before the House on February 1—make it apparent that additional reductions will jeopardize the construction schedule approved by Congress. We hope, therefore, that the full \$5,000,000 requested for this purpose will be recommended by your committee.

The House committee has indicated that the remainder (\$182,500) of the cut of \$682,500 is intended to apply to the request for \$365,000 to meet a part of the cost of pay increases comparable to Public Law 429. Any reduction from the

\$365,000 must necessarily be reflected in further curtailment in some phase of the program which Congress approved last year.

We are ready to appear before your committee at any time. If additional information is needed for your consideration, we are prepared to supply it promptly.

Sincerely yours,

GORDON R. CLAPP,
Chairman of the Board.

BACKGROUND OF DEFICIENCY APPROPRIATION REQUEST

Mr. CLAPP. The President's request for the TVA in the supplemental for 1950 was for \$12,365,000. The House approved in its action \$11,682,500 which represents a reduction of \$682,500.

The amount TVA requested and the President recommended was made up of three items. \$7,000,000 was included to enable us to begin construction at once of an urgent power supply program to meet the requirements of the expanded atomic energy program at Oak Ridge, Tenn.

The action by the House did not disturb that part of the request.

A second item included in the \$12,365,000 request was for \$5,000,000 which would restore a major part of the amount by which the Congress last spring had reduced our appropriation for 1950. The reduction by the Congress last year in our construction estimates was \$6,876,000. That resulted from the application of a flat 15-percent cut applied to construction programs before the Congress. The reduction was based upon the assumption that construction costs were going to decline sufficiently during the fiscal year so that we should be able to achieve all of our construction requirements as approved by the Congress but with 15 percent less money.

We made representations before this committee last year indicating that we, of course, would do our best to meet all the deadlines stated in our program that Congress had approved with less money if costs did decline as seemed possible to some at that time.

As a matter of fact, costs have not declined the way Congress thought they might.

COST INDEX OF MATERIALS AND CONSTRUCTION ITEMS

Chairman McKELLAR. Have they been reduced at all?

Mr. CLAPP. The cost of materials and construction items which looked as though they might be going down last spring have since begun to go back up. According to the Engineering News Record Index, the costs in the construction field as of this last October were at an index point higher than they were at the time we had made our estimates for 1950 and considerably higher than they were at the time Congress had these programs under consideration.

HOUSE ACTION

We have not asked for restoration of the full amount of the \$6,876,000; the request asks for \$5,000,000 of that \$6,876,000.

In the action by the House on the current supplemental appropriation request, the \$5,000,000 restoration request was reduced by \$500,000, leaving us 4½ million instead of the 5 million we requested.

CONSTRUCTION, JOHNSONVILLE STEAM PLANT

Chairman McKELLAR. What do you propose to do with the \$4,500,000?

Mr. CLAPP. The \$4,500,000, Senator, is to enable us to maintain the schedules of construction in the program that the Congress approved for 1950 in the appropriation hearings last year. The schedule concerns specifically the rate of construction on the New Johnsonville steam plant which we began to build as the result of our 1950 appropriation; to maintain the speed of construction on the South Holston Dam which we plan to close in November 1950; and to maintain the speed of installation on hydroelectric units in existing dams at Pickwick and Hales Bar.

EFFECT OF HOUSE REDUCTION

Now, I want to make it clear to the committee that the reduction made by the House of \$500,000 in this total of \$5,000,000 will not in fact make it impossible for us to achieve our deadlines, but it will make it necessary for us to defer certain particulars in the work of building our dams and the steam plant which may result in some greater expense in subsequent years. The reduction, if applied this year, will in no case reduce the total cost to complete the projects.

COMMENCEMENT OF NEW POWER FACILITIES

Chairman McKELLAR. Will the money that you ask take care of the Atomic Energy request for power?

Mr. CLAPP. The item of \$7,000,000 in this supplemental request will permit us to start construction of those new power facilities and make our commitments with the manufacturers of the major turbine and generating equipment. Then for 1951, 1952, and 1953, we will, of course, request larger sums to complete the installations.

WIND TUNNEL, ARNOLD AIR ENGINEERING DEVELOPMENT CENTER

Chairman McKELLAR. Let me ask you for my information: Did you take into consideration the plant which is being built in the vicinity down there, the wind-tunnel plant?

Mr. CLAPP. We have taken that into account, Senator, in one respect. There is nothing in this program for the additional capacity which will be required to supply power to the Arnold Air Engineering Development Center. Their schedule of requirements will permit us to include that additional capacity in a subsequent year's request.

Chairman McKELLAR. And you would get it in time by postponing it a year?

WIDOWS CREEK STEAM PLANT

Mr. CLAPP. Yes. We can then still get it in time to meet their scheduled requirements. We did take this into account: In deciding upon the location of the new steam plant which is proposed in this supplemental request—the Widows Creek steam plant of two units of 112,500 kilowatts each—we took into consideration the location of the wind-tunnel project, so that in the future when the power requirements for the wind-tunnel project become urgent, additions at this new steam plant would fit well into the transmission of power to that project.

The new steam-plant site is just downstream from Bridgeport, Ala., about 30 miles southwest of Chattanooga. It is located on the Tennessee River where we have ample water supply for condensing purposes, a very good foundation, and a very convenient and economical place to tie that source of steam power into our transmission network.

AMOUNT FOR PAY INCREASES

The additional item in the request of \$12,365,000 is \$365,000 to provide for the pay increases put into effect to bring TVA salaries in line with the recent public law increasing the salaries of Government employees.

Chairman McKELLAR. That is \$365,000; is that right?

Mr. CLAPP. That is right; from appropriated funds. A part of the pay increase, of course, will be financed from our corporate funds—that part which applies to those people in the TVA who are engaged in activities financed from our revenues.

Senator CORDON. Who are engaged in activities financed from your revenues as against appropriated funds, Mr. Clapp?

Mr. CLAPP. For example, Senator Cordon, Mr. Wessenauer, our manager of power, has his salary charged exclusively to the power program and consequently he is paid out of corporate funds.

My salary, as a member of the board, is paid in part out of corporate funds and in part out of appropriated funds.

Senator CORDON. Why is that?

Mr. CLAPP. Because my services apply to the whole TVA.

Senator FERGUSON. Who determines the amount?

Mr. CLAPP. The amount is determined by our accountants who make studies of what they call direction of effort of the employees and members of the organization. Salaries may be prorated according to the preponderant proportions of time spent on those two categories.

POWER PROGRAM ACTIVITIES FINANCED FROM TVA REVENUES

Senator CORDON. Is there anything in the law that provides for that?

Mr. CLAPP. Section 26 of the TVA Act specifies that revenues are to be used for such purposes as the conduct of the power business and the management and operation of our reservoirs, and the corporate funds made available through our revenues are applied to finance those operations.

Now, in our general administrative organization, there are people—for example, the general manager—whose duties and functions run across the power program, the fertilizer program, the construction program, and the like, and their salaries are prorated as between corporate funds and appropriated funds.

FINANCIAL STATEMENT OF TVA

Chairman McKELLAR. Let me say at this point that some weeks ago I asked Mr. Clapp to give me a statement showing how the TVA was working out financially and he sent me a letter a few days ago which I submitted for the record and I would like for the Senators here to read that letter. It may be that you may want additional information, and if you do, I am sure Mr. Clapp will be glad to give it to you. They have made a very fine showing and I think all of the members of the subcommittee should go into it very carefully.

Senator HILL. You could put the letter in the record of the hearing.

Chairman McKELLAR. Very well, we will put that in if you have no objection to it.

Mr. CLAPP. No, indeed, Mr. Chairman, I should be glad to have it in the record.

(The letter is as follows:)

TENNESSEE VALLEY AUTHORITY,
Knoxville, Tenn., February 10, 1950.

DEAR SENATOR MCKELLAR: In the course of a recent conversation we discussed TVA's progress in repaying the Nation's investment in the TVA power system and the rate of return on that investment earned by the TVA from the sale of power. You suggested that I condense what I reported to you then into a brief, written statement. This letter is in response to that request.

The financial results of the TVA power program are shown in the figures describing two facts: first, the rate of return which the power program is earning on the Government's investment, and, second, the revenues received from the sale of power and the uses to which these revenues have been put, including cash payments into the United States Treasury.

Rate of return: During the last fiscal year, proceeds from the sale of power amounted to \$58,030,000; operating expense to generate and transmit the power and manage the power business, including depreciation, amounted to \$36,552,000; the difference is \$21,479,000 and is the net earnings of the TVA power system for 1949. These net power earnings represented a rate of return of 5 percent on the total money invested in the TVA power system—money derived partly from the taxpayers and partly from the consumers of TVA electricity. This 5-percent return was the second highest annual return since the TVA began in 1933.

The highest rate of return in any 1 year was 5½ percent which was achieved in fiscal year 1947. The rate of return in fiscal year 1948 was 4¼ percent.

The average annual rate of return over the entire 16 years of TVA's existence is about 4 percent of the average investment in the power system. This includes the period from 1933 to 1940 when TVA was held back in selling its power by lawsuits brought by the private utilities. In some years a lower return must be expected, particularly in the event of very dry weather when we will be required to use less hydro power and more of the higher-cost steam power, but the return has now exceeded 4 percent for seven consecutive years. This rate of return, as I stated, is after an allowance for depreciation, a charge paid by the consumers to make replacements and to keep the property investment intact and useful.

This record of an average rate of return of 4 percent is proof that the users of electricity are paying considerably more than all the cost incurred by TVA in producing and transmitting the power to the retail distribution systems of the cities and rural electric cooperatives who sell the power at retail rates to the ultimate consumers.

Cash payments to the Treasury and use of revenues: The second fact about the financial success of the TVA has to do with the cash picture—the proceeds received from the sale of power, payments made to the Treasury, and the uses which have been made of the balance.

As you know, TVA began retiring its bonded indebtedness (to the Treasury and the RFC) in the fiscal year 1944. In addition, in December 1946 TVA made its first cash payment into the United States Treasury under section 26 of the TVA Act, when for the first time operating proceeds exceeded requirements financed from this source of funds.

During the current fiscal year, TVA will pay \$6,700,000 into the Treasury, of which \$5,500,000 will be paid from power earnings and \$1,200,000 from miscellaneous receipts.

By June 30, 1950, the end of the current fiscal year, TVA's cumulative payments into the Treasury will total about \$54,200,000. This \$54,200,000 will consist of \$16,000,000 for bond retirements, \$29,100,000 paid from power earnings under section 26 of the TVA Act (making a total of \$45,100,000 from power) and \$9,100,000 of nonpower proceeds also paid into the Treasury under section 26.

From the beginning in 1933 through the end of the 1949 fiscal year, revenues from power totaled \$367,000,000. Out of this \$367,000,000 TVA paid out-of-pocket operating expenses (for the power program only) amounting to \$155,000,000. This \$155,000,000 includes over \$18,000,000 representing in lieu tax payments to States and counties as prescribed by Congress in section 13 of the TVA Act, and over \$6,000,000 paid to the Treasury and the RFC as interest on the outstanding bonds (which interest was, of course, in addition to the payments

on principal to the Treasury described above). The balance of the \$155,000,000 went for wages and for coal and other materials and supplies required to operate the TVA power system over the 16-year period.

Taking the total revenues of \$367,000,000 and subtracting operating expenses of \$155,000,000 leaves cash earnings (i. e., net earnings before charges for depreciation) of \$212,000,000. These cash earnings have been used as follows:

\$159,600,000 has been used to make replacements to the power system facilities and to add additional generators and transmission lines to the system as reflected each year in TVA budgets reviewed by the Congress. (In this way, TVA paid for these facilities immediately instead of asking for appropriations and paying back the appropriation over a 40-year period as allowed under the law.)

Thirty-nine million six hundred thousand dollars has been paid to the Treasury. (Adding the payment to be made this year, the figure will reach \$45,100,000 as described above.)

Seven million six hundred thousands dollars represents the value of power inventories (coal, conductor cable, transformers, poles, etc., on hand for use and construction) which were on hand on June 30, 1949.

Five million two hundred thousand dollars represents accounts receivable and cash in the TVA checking account in the Treasury. (This represents all the reserve that was on hand on June 30 to help meet increased operating expenses in case of dry weather and low stream flow.)

As I told you in our recent conversation, this is a record that should reassure the country about the safety and success of the power business in the Tennessee Valley.

Nor does this tell the whole story. You know about the tremendous increase in rural electrification in the Tennessee Valley, the strategic value of TVA power for the atomic energy program and the aluminum and munitions programs during the war, and even now, the millions of dollars worth of generators, turbines, etc., purchased by the TVA from factories in other parts of the country, the millions of dollars spent by electricity consumers in the Tennessee Valley for electric appliances—hot water heaters, ranges, refrigerators, etc.—made in cities outside the Tennessee Valley. These and many other results of the expanded use of electricity in the Tennessee Valley, made possible by appropriations to the TVA by the Congress, add to the working value of the TVA power investment as a good investment for the whole Nation.

On the narrow basis of rate of financial return and cash payments to the Treasury, the TVA power system shows a successful public service, business result. On the broader basis of increased prosperity and national security I believe the results are even more conclusive.

If there are additional facts you would like, I should be glad to supply them.

Sincerely,

GORDON R. CLAPP,
Chairman of the Board.

Summary of amounts appropriated for Tennessee Valley Authority

Law	Name of act	Congress	Amount
Public, No. 77.....	Fourth Deficiency.....	73d.....	\$50,000,000
Public, No. 412.....	Emergency.....	do.....	25,000,000
Public, No. 260.....	Second Deficiency.....	74th.....	36,000,000
Public, No. 739.....	First Deficiency.....	do.....	39,900,000
Public, No. 121.....	Second Deficiency.....	75th.....	40,166,270
Public, No. 534.....	Independent Offices.....	do.....	40,000,000
Public, No. 8.....	do.....	76th.....	39,003,000
Public, No. 459.....	do.....	do.....	40,000,000
Public Res. 95.....	Resolutions (S. J. 285, H. J. 583).....	do.....	25,000,000
Public, No. 28.....	Independent Offices.....	77th.....	79,800,000
Public, No. 179.....	Resolution (H. J. Res. 194).....	do.....	40,000,000
Public, No. 353.....	Third Supplemental.....	do.....	47,000,000
Public, No. 422.....	Fourth Supplemental.....	do.....	30,000,000
Public, No. 630.....	Independent Offices.....	do.....	136,100,001
Public, No. 90.....	do.....	78th.....	(1)
Public, No. 358.....	do.....	do.....	(1)
Public, No. 49.....	do.....	79th.....	9,648,000
Public, No. 519.....	Government Corporations.....	do.....	39,906,000
Public, No. 263.....	do.....	80th.....	18,700,000
Public, No. 860.....	do.....	80th, 2d sess.....	27,389,061
Public, No. 71.....	First Deficiency.....	81st, 1st sess.....	2,950,000
Public, No. 266.....	Independent Offices.....	do.....	49,359,150
Total amount appropriated.....			815,921,481

¹ Unexpended balance only.

ADJUSTMENT OF SALARIES FOR WORK ON POWER FACILITIES

Senator CORDON. Do I understand that the basis on the matter of the source from which they receive salaries is that of whether an individual's time is spent on the production and transmission or the disposal of power or not?

Mr. CLAPP. That is correct, Senator, with the addition also of the operation of our reservoirs, for flood control and navigation and power, and the operation of our chemical plants at Muscle Shoals in Tennessee, all of which are covered in section 26.

Senator CORDON. We would probably consider it a corporate enterprise operation. It is, under the law, I presume.

Mr. CLAPP. In a sense it is. The purpose of the chemical plant, of course, is more experimental than anything else.

Chairman McKELLAR. As I understand you, the question is of your time and how it is spent, for instance, in the manufacture of fertilizer, or how it contributes to the business; is that right?

Mr. CLAPP. That is right.

In the House action, a part of the reduction is applied to the request we made for the \$365,000 to take care of the salary increases for those employees whose services are paid for by appropriated funds. The House action, in effect asks the TVA to absorb half of that increase by reductions in programs generally and proposes to appropriate the other half in the supplemental.

Senator FERGUSON. Is this pay increase entirely due to the statute?

Mr. CLAPP. It is due to the statute, Senator, in this respect: The pay increase law does not apply specifically to TVA. As in the past, we worked out a system whereby the same effect is reached in the TVA as provided by law to other Government agencies.

Senator FERGUSON. That is all voluntary?

Mr. CLAPP. It is voluntary on the TVA's part; that is correct.

Senator FERGUSON. Now you tell that Congress did not intend specifically to increase particular people's salaries, and then you come along and you increase all of yours in proportion, is that right?

Mr. CLAPP. We worked out adjustments which were of the same percentage as was applied by statute to the other Government agencies. We have in each case specifically requested the Congress not to make that law applicable to the TVA in mandatory fashion.

Senator FERGUSON. If you are going to follow it, why do you not want it mandatory?

Mr. CLAPP. We would prefer to work out the adjustments to fit the balance within our own salary structure and within our own classification system, we being outside of the civil service and outside the Classification Act. Our actual rates of pay are closely consistent with it in general.

SCHEDULE OF SALARIES FOR TVA

Senator FERGUSON. Have you ever filed your pay schedule with Congress?

Mr. CLAPP. Oh, yes. We do it in our annual reports; we file a complete list of all salaries by name.

Chairman McKELLAR. That was asked for some time ago and you filed it in the name of the employee, the position he or she held, and the amount of salary, if I remember rightly; it has been some time ago. I may not remember right but that is my recollection.

Mr. CLAPP. That is correct, Mr. Chairman. It is a requirement in the TVA Act that we file such a list in our report for all above \$1,500 a year.

Senator FERGUSON. Have you ever filed the report on all of your public relations people?

Mr. CLAPP. Oh, yes; all of our employees, Senator Ferguson, are included in that list if their salary is \$1,500 a year or more.

Senator FERGUSON. What salaries have you under \$1,500?

Mr. CLAPP. I do not believe we have any now. Let me check that.

Chairman McKELLAR. Could you get the facts as to about how many there were, and you would have no objection, I suppose, to filing the salaries?

Mr. CLAPP. No objection at all.

(The following information was supplied:)

With the exception of temporary employees discussed below, there are presently no employees below the rate of \$1,500 per year.

Chairman McKELLAR. So we can see the whole picture.

Senator FERGUSON. Do you have what is known as temporary employees?

Mr. CLAPP. Yes, we have construction workers on hourly rates of pay.

Senator FERGUSON. Do you have public-relations people on a temporary status?

Mr. CLAPP. The distinction "temporary" and "permanent" is between those receiving hourly rates of pay and those receiving annual rates of pay. Public-relations information employees are on annual rates of pay. I do not think we have any temporary information employees.

Senator FERGUSON. They would all be disclosed in these reports?

Mr. CLAPP. That is correct.

Chairman McKELLAR. I asked him for some information which he submitted in a letter and that letter has been put in the record. I hope you will look at it, Senator.

Senator GURNEY. Mr. Chairman, may I ask one or two questions?

Chairman McKELLAR. Surely, Senator.

INSTALLATION OF NEW GENERATOR UNIT AT JOHNSONVILLE STEAM PLANT

Senator GURNEY. Mr. Clapp, referring to this letter to Chairman Cannon which is provided the committee, as to that \$7,000,000 in category No. 1, is that to build another dam or is that to put in generators?

Mr. CLAPP. That is to add a fourth unit at the New Johnsonville steam plant——

Senator GURNEY. A generator?

Mr. CLAPP. A generator, yes; and to start two more units at a new location.

Senator GURNEY. Are they all generators?

Mr. CLAPP. Yes. Two of the steam units are to be at a new location in a new steam plant, the Widows Creek plant.

Senator FERGUSON. A new steam plant?

Mr. CLAPP. That is correct.

Senator GURNEY. Would the total cost of the steam plant be covered by the \$7,000,000?

Mr. CLAPP. No, not by any means. The \$7,000,000 is to permit us to get started during this fiscal year with commitments to the manufacturers for the equipment and to begin work on the site.

CONTINUANCE OF GENERATOR UNIT REQUESTS IN 1951 AND 1952
APPROPRIATIONS

We include in our 1951 request, which has been heard before the House, additional funds to carry on that work and there will be additional requests for the 1952 fiscal year.

Senator GURNEY. Then this \$7,000,000 is the initial request to build another steam plant similar to the Johnsonville plant. It may not be the same size.

Mr. CLAPP. It is for two units, for a new steam plant of two units at Widows Creek.

NEW CONSTRUCTION, POWER PROGRAM

Chairman McKELLAR. On the justification, you can see there the funds you have been talking about amounting to \$7,000,000 and that it will be used for beginning construction of the following facilities: Unit No. 4 at Johnsonville steam plant, \$1,500,000; then two units at a new steam plant to be located at Widows Creek in northeast Alabama, \$4,500,000; and transmission lines and terminal facilities, \$1,000,000; making up the \$7,000,000.

Mr. CLAPP. That is correct, Mr. Chairman.

• TOTAL COST OF WIDOWS CREEK PLANT

Senator FERGUSON. What will be the total cost of this new plant?

Mr. CLAPP. The new Widows Creek plant of two units will be \$36,500,000.

Senator FERGUSON. Did you disclose to Congress, when you first came in for Johnsonville, that you were going to build that plant and it would be immediate?

Mr. CLAPP. We made it clear to Congress that as our loads increased irrespective of national defense requirements, we were probably going to ask for additional steam plants.

Senator FERGUSON. That was not my question. My question was: Did you make it clear that you would be immediately asking for further steam plants over and above Johnsonville?

Mr. CLAPP. We did not, because there was not before us any request for emergency power.

NEW FACILITIES CONSTRUCTED AT REQUEST OF AEC

Senator FERGUSON. When did this request come in that requires this new Widows Creek plant?

Mr. CLAPP. The request was made firmly to us by the Atomic Energy Commission early last fall.

Senator HILL. The new Widows Creek steam plant is primarily for the Atomic Energy Commission, is it not?

Mr. CLAPP. Exclusively so.

Senator HILL. Exclusively.

Senator FERGUSON. Why do they not build it up under their charter?

Mr. CLAPP. They preferred to count upon the power from us.

Senator FERGUSON. Why is that?

Mr. CLAPP. Because, Senator, we can proceed at once to establish another unit at Johnsonville, where we have a plant already under construction, and we can fit this new steam plant into our system in the eastern part of the area to provide capacity for the Oak Ridge expansion program.

Senator FERGUSON. How far do you take this electricity to Widows Creek?

POWER FACILITIES FOR OAK RIDGE

Mr. CLAPP. The Widows Creek plant will supply the area in the general vicinity of the Widows Creek plant which, at the present time, is being supplied in part by the dams and the Watts Bar steam plant close to Oak Ridge. By that rearrangement of power supply, the plants closest to Oak Ridge, Norris Dam, Fort Loudoun Dam, and Watts Bar Dam and steam plant will be able to supply Oak Ridge.

Senator FERGUSON. This electricity from Widows Creek is not going to Oak Ridge?

Mr. CLAPP. Not specifically those kilowatts.

Chairman McKELLAR. But it is necessary to have the additional amount to supply the demand from Oak Ridge, as I understand it.

Mr. CLAPP. That is right, and the arrangement of the specific location of the power supply and the shifting of loads fits in best with the existing transmission facilities and the dams and steam plants in the eastern part of our area and will provide the most economical supply of power for the Oak Ridge expansion.

Senator FERGUSON. If Oak Ridge had built their plant at Oak Ridge you would have had enough electricity at the location of Widows Creek to supply the requirements there?

Mr. CLAPP. Not to supply Oak Ridge.

Senator FERGUSON. No, the requirement around Widows Creek.

Mr. CLAPP. Yes, if we did not have to supply Oak Ridge with their load.

Senator FERGUSON. Then you would have enough?

Mr. CLAPP. In that case we would not at this time be proposing a Widows Creek plant.

GENERATING CAPACITY AT WIDOWS CREEK PLANT

Senator GURNEY. What is the generating capacity of the two plants at Widows Creek?

Mr. CLAPP. The plant would consist of two units, each one of 112,500 kilowatts, making a total of 225,000 kilowatts.

Senator GURNEY. What is the request in the appropriation? How much electricity are they asking for on that project?

Mr. CLAPP. For this expanded program the Atomic Energy Commission is asking us to supply them with 340,000 kilowatts. The difference between that figure and the figure for the Widows Creek steam plant is made up by the fourth unit at Johnsonville.

Senator CORDON. How much is that?

Mr. CLAPP. 112,500 kilowatts.

Senator GURNEY. You have two units of 112,000 making 225,000 total.

Mr. CLAPP. Plus another unit of 112,500 at New Johnsonville, making a total of 337,500 kilowatts.

Chairman McKELLAR. They are asking for 340,000 kilowatts.

Mr. CLAPP. 340,000, yes.

Senator GURNEY. Then how much have you increased the projected size of Johnsonville on account of the Oak Ridge request?

Mr. CLAPP. By one unit.

Senator GURNEY. Of 112,000?

Mr. CLAPP. That is correct, 112,500.

GENERATING CAPACITY OF JOHNSONVILLE PLANT

Senator GURNEY. Making the total size of the Johnsonville plant how much?

Mr. CLAPP. Four units of 112,500 each, for a total of 450,000 kilowatts.

Senator GURNEY. You are going to have there a tremendous steam capacity in two plants.

Mr. CLAPP. Yes, sir. Although I do not want to get ahead of my story, I would like to say, in order that there may be no misunderstanding, that in the budget request now pending before the House for fiscal year 1951, we are requesting funds to add two more units to the Johnsonville plant—units 5 and 6—not to meet national defense expansion requirements but to take care of the normal load growth that we anticipate in the area.

Chairman McKELLAR. Do you say that you are using all of the power that you create?

Mr. CLAPP. Indeed we are, Senator.

Chairman McKELLAR. And that demand is not falling off?

POWER SITUATION IN TVA AREA

Mr. CLAPP. Not only that, sir, but we are in a very tight power situation. We have been for several years and we will be for several years to come.

Senator GURNEY. Supposing Oak Ridge were to use 340,000 kilowatts for a few years and then suddenly would have no further demand for it. What position would that leave you in?

Mr. CLAPP. It would leave us in this position: That we might be able to pass a year or so in which we would not need to request additional capacity to meet normal load growth.

Senator GURNEY. Have you talked that over with Atomic Energy as to how long they would want that power at Oak Ridge?

Mr. CLAPP. We have discussed the question of term of contract. They are expecting us to be able to supply the power as long as they need it. They do not put a dead line on when they will not need it.

Senator GURNEY. What I was thinking was that you could figure your Johnsonville plant and your Widows Creek plant to take care of your normal loads and you are probably building now to take care of loads at 2 or 3 or 4 or 5 years hence.

If the Atomic Energy did not want that amount of power for a very long period of years you might anticipate using that instead of coming in for additional units for Johnsonville.

Mr. CLAPP. Senator, it would be an extremely risky approach to the power supply problem to do that. I think the fact we must assume is that the Atomic Energy Commission will have a demand upon that power just as long as they need it. For us to make any assumption that they are going to turn off their use in a given year, and for us thereby to miss the beginning of additional installations needed to avoid a power shortage for normal load growth would be a very risky proposition.

Senator FERGUSON. Did you not ask them how long they were going to use it?

Mr. CLAPP. They told us, sir, that it was for an indefinite period.

Senator FERGUSON. Did they make a written application?

Mr. CLAPP. Yes, we have extensive correspondence on the subject and they have firmly requested this power. They have stated that their emergency expansion program in atomic energy at Oak Ridge is dependent upon our ability to supply this power on the dates specified.

Senator GURNEY. What date did they say they wanted the power and will you be able to deliver on that date under the request now made?

Mr. CLAPP. Their request to us is to supply requirements that will begin to increase in September of 1951 and will increase to the total amount they are asking for by July 1952. We will meet those expanding requirements in the interim by squeezing our existing system and by getting temporary additional power from neighboring systems.

If the committee, Mr. Chairman, would like to get further information on the Atomic Energy Commission's requirements, I would prefer that Mr. Williams of the Atomic Energy Commission, who is in the room, answer those questions because he knows more about the reasons behind their requirements than I do.

Chairman McKELLAR. Do you gentlemen want to ask him any questions?

Senator CORDON. I would like to ask first whether there is any power in the area available other than power from TVA, other generating plants being run by private industry.

Mr. CLAPP. All of the major sources of power generation, Senator, are a part of the TVA system by virtue of acquisitions TVA made from the private utilities.

POWER SUPPLY IN AREAS CONTIGUOUS TO OAK RIDGE

Senator CORDON. I note here in the House hearings, on page 99, Mr. Williams stated that the Atomic Energy Commission had a Mr. Giroux, an engineer from the Office of the Corps of Engineers, investigate the matter to see if there was a possible supply in contiguous areas and he answered saying that a list of power companies had been contacted and they found in the survey that figures ranged from 5.91 mills to as high as 9.82 mills per kilowatt. I take it that is kilowatt-hour.

Senator CORDON. That was available in blocks of considerable amount. Is that correct?

Mr. WILLIAMS. He has stated in another letter also that he had made an investigation, and I believe that is in the same House record.

Senator CORDON. That was in the letter of September 30, 1949?

Mr. WILLIAMS. Yes, sir.

POWER RATES OFFERED TO AEC FROM NEARBY POWER COMPANIES

Senator CORDON. And the next letter you had from them was later than that, November 23, and of which you quoted only this portion of your letter, and I quote:

In accordance with our conversation on October 19 with regard to the cost of power from sources within the transmission distance of Oak Ridge, I had our repairs and utility branch make a brief investigation of the availability of power and the cost thereof in blocks of 50,000 kilowatt-hours * * * I am attaching hereto a copy of a report which I believe is self-explanatory.

That report is not here but, Mr. Williams added:

The enclosures listed are mainly descriptive bullétins, maps, and so forth, which are not attached.

Then it goes on with the statement of Mr. Williams that these sundry power companies had been contacted and that they evidently had offered power at these varying rates, and I want to know if that is correct.

Mr. WILLIAMS. They had indicated that any power that they would furnish would be at these rates but that would be at their system and would have to be, of course, transported over the various systems to Oak Ridge.

Those systems that were contacted were contacted in Virginia, Ohio, Indiana, Michigan, Alabama, North Carolina, Mississippi, Arkansas, and Illinois, and they would not meet our needs unless they were on a firm contract basis. That is, we have to have 24-hour-a-day, 7-day-a-week power. It was indicated to us by Mr. Giroux that if any power could be supplied from these contiguous areas it would have to be backed up by new construction in those areas and new transmission lines from those areas. That was the indication we had.

Senator CORDON. Do you know whether or not in those areas there is an interconnection of the various diverse generating plants?

Mr. WILLIAMS. There is no doubt that all of the various areas have some connections but in this particular instance this is an unusual load. When you are talking in terms of 340,000 kilowatts, that is a very, very big load, and in order to get that power to our plant in Oak Ridge, you would have to firm up transmission lines for many miles, and maybe have to build new ones and heavier ones. And the cost was considerably too high, 6 to 9 mills.

AMORTIZATION RATE ON TVA

Senator CORDON. Do you understand that included in that cost is a 3-percent tax to start with that Uncle Sam gets back and several and diverse other Federal and other taxes?

Mr. WILLIAMS. I believe that total cost for TVA—and they are in a better position to answer this—according to calculations, that cost for TVA even with some amortization and possibly all would be about 3.6 mills.

Senator CORDON. TVA can furnish it more cheaply.

Senator GURNEY. Referring to that 3.6-mill cost, I suppose Mr. Clapp can answer this. You say it would be amortized, over what period of years, please? How many years do you have to use in furnishing that 3.6 mills to cover amortization?

Mr. CLAPP. That is estimated over the life of the plant.

Senator GURNEY. One hundred years? Fifty years?

Mr. CLAPP. It is nearer 40 years.

Senator GURNEY. But it could be 50?

Mr. WESSENAUER. What we usually do is take the various units in the plant, the generators, the piping, and son on, and each of the items is assigned a different life based on experience records of such equipment and depreciated over that period of time. The composite of all of the items in the property would be between 35 and 40 years. That is the usual time that is selected for steam plants.

Senator GURNEY. Three and six-tenths mills will amortize that equipment and the plant?

Mr. WESSENAUER. Yes, sir.

Senator GURNEY. And the transmission?

Mr. WESSENAUER. And the transmission.

Chairman McKELLAR. May I ask the Atomic Energy Commission: Is it not the view of the Atomic Energy Commission that it would be better and safer in order for them to have a constant source of power at a reasonable rate that this power should be produced by the TVA rather than producing it yourselves?

Mr. WILLIAMS. Yes, sir. We had the Sargent & Lundy engineering firm make some studies for us on that, and it would cost us on a very optimistic basis about 3.94 mills. That is the best we could do.

Chairman McKELLAR. As against 3.6.

Mr. WILLIAMS. As against 3.65, to be exact, according to our figures.

With our present plant, as you will recall, we did not depend totally on our steam power plant there for the power operation. The reason why we put in a steam plant in the first place was because we needed a type of power which TVA just did not furnish.

EXPLANATION OF VARIABLE FREQUENCY POWER

Senator CORDON. What do you mean by the "type of power"? What would it be?

Mr. WILLIAMS. It is a variable frequency power, not all at the same frequency.

Chairman McKELLAR. What do you mean by that?

Mr. WILLIAMS. Ordinarily, Mr. Chairman, power is generated, throughout the country, on a 60-cycle basis and that meets all of the usual requirements of the country. But in this particular plant, it was necessary for technical reasons throughout the plant to have power that varied from, say, around 40 cycles up to 120. So our steam power plant is a special plant in that respect and it is put in to take care of portions of the load which TVA could not take care of anyway.

Senator CORDON. That change in cycles is, then, a matter that is handled at the time it is generated or is it after? Is it changed by a transformer?

Mr. WILLIAMS. You can put in a transformer and special rotating transformation equipment. It just adds to the complication of your system and it would be more expensive in the long run.

We went into all of those calculations some years ago.

FACILITIES PLANNED FOR WIDOWS CREEK

Senator CORDON. As far as this plant is concerned, is there any question of firming up any other problem? This is a bid to put in a straight 100 percent steam power plant to generate electric power?

Mr. CLAPP. I think that is the sense of it, Senator Cordon.

Senator CORDON. Then there is this factor involved: that it is being requested by an agency of the Federal Government for use either as to the power generated or its equivalent for Federal purposes.

Mr. CLAPP. That is correct.

You understand, I am sure, that the operation of this plant in the TVA system will involve times when it will be firming up some hydro power, but by and large it will operate a large portion of the time to carry its own load.

Senator CORDON. What will be the over-all cost of the Widows Creek plant?

Mr. CLAPP. The Widows Creek plant with these two units will cost 36.5 million dollars when completed.

Senator CORDON. You said there were two units; do you contemplate more units at Widows Creek?

Mr. CLAPP. In all probability, it will be necessary at some future date to add units at Widows Creek.

INITIAL CONSTRUCTION PLANNED TO ACCOMMODATE EXPANDED PROGRAM

Senator CORDON. When you begin your construction, will your initial construction be predicated upon a plant of multiple units beyond the two that you put in?

Mr. CLAPP. Not so much the initial construction, Senator, but in the selection of the site we had in mind the possibility of its expansion.

Chairman McKELLAR. How far is this Widows Creek plant from Chattanooga?

Mr. CLAPP. About 30 miles, downstream, on the Tennessee River.

Chairman McKELLAR. How far is it from Birmingham?

Mr. CLAPP. It would be at least 120 miles.

Senator HILL. I would say about 150 miles.

RAILROAD FACILITIES AT WIDOWS CREEK

Senator FERGUSON. Do you have railroad facilities at Widows Creek?

Mr. CLAPP. Yes, sir; they are easily accessible.

Senator FERGUSON. Do you get your coal from Birmingham?

Mr. CLAPP. Most of the coal will come from the Tennessee coal fields immediately to the north.

Senator FERGUSON. How far away?

Mr. CLAPP. Just across the State line, about 15 miles.

Chairman McKELLAR. It is not more than 20.

Senator FERGUSON. Why did they locate this site 15 miles from the coal fields?

FACTORS CONSIDERED IN LOCATION OF POWER PLANT

Mr. CLAPP. These factors had to be satisfied in finding a location for the plant: One was foundation; another was a site on the river, so that we would have adequate water supply for condensing purposes; another was railroad facilities; another factor was the proximity of the coal; and still another factor was the ease and economy with which the power could be taken out of the plant onto the transmission facilities of the TVA system; and still another factor was locating it with the idea in mind that as long as it had to be in the eastern part of the system it ought to be at the most convenient place in relation to the wind-tunnel project so that it could later be used to help supply that operation.

Senator FERGUSON. Has the wind tunnel been definitely stated as going into Tennessee?

Mr. CLAPP. The Defense Department has so advised us.

Senator FERGUSON. When did you get that advice?

Mr. CLAPP. I do not recall the exact date, Senator Ferguson.

Chairman McKELLAR. It was announced within the last week.

Mr. CLAPP. An announcement was made within the last week, Senator, by Secretary Symington.

Senator FERGUSON. Could I inquire why Oak Ridge does not build this steam plant in connection with their facilities at Oak Ridge?

Mr. WILLIAMS. Why do we not?

Senator FERGUSON. Yes. For security reasons.

Mr. WILLIAMS. In the first place, it would cost the Government more money if we built our plant at Oak Ridge, because we would have to have additional back-up units. By asking TVA to do it, they can build a smaller increment of power and still assure us of a continuous supply than we could in one plant. That is, you would have to depend on some of these units being down part of the time, and we would have to put in additional capacity in order to guarantee power.

That was one reason.

Another reason is that we have a pretty big operation there as it is. And we went through these calculations to see which would be cheaper and we thought it would be cheaper to the taxpayer to have it run by TVA since that is their principal business, and it is not our principal business.

Our present power plant would not have been built, I am quite certain of that, if it had not been that we had to have a special type of power.

Senator FERGUSON. Is it your intention not to build any more power plants for power but to have TVA or some outside power development build them for you?

Mr. WILLIAMS. It would, of course, Senator, depend on the circumstances, but in the case at Oak Ridge that has been the policy from the beginning.

ALTERNATE TRANSMISSION LINES TO OAK RIDGE.

Senator FERGUSON. Is there a danger as to security of running these lines that they may be put out of commission, where, if you had them at the plant there, they are much easier protected?

Mr. WILLIAMS. You have several lines coming in to feed these plants and they would have to knock out at least two or three lines at one time.

The TVA system and all of the power systems have alternate feed lines where if one is knocked out we could probably cut down requirements temporarily and run on reduced power and keep the units turning and not injure our plant until they could put the lines back in operation.

We have weighed this and we felt, as we did during the war, that we probably would lose nothing in security by asking TVA to do it.

In the beginning, one reason the plant was located in this area was in order to use the power which TVA furnished.

Chairman McKELLAR. Have they cooperated with you?

Mr. WILLIAMS. They have cooperated with us——

Chairman McKELLAR. In a good business and wholesome way since you have been down there they have cooperated with you?

Mr. WILLIAMS. They have cooperated with us 100 percent. I must say sometimes we enter into some hot and heavy discussions on business matters, but as far as cooperation is concerned, that has been 100 percent.

Chairman McKELLAR. They cooperate with you all the same.

Mr. WILLIAMS. That is right.

COST OF PLANT FOR AEC TO APPEAR IN TVA APPROPRIATION

Senator FERGUSON. This appears in the record now that TVA is having this expansion where, as a matter of fact, it is an actual cost of the Atomic Energy Commission, so if you got \$1,070,000,000 last year, this kind of an item is outside and it is even in your expenses, as a matter of fact; is that not right? To the public, this will appear as an item of TVA rather than Atomic Energy?

Mr. WILLIAMS. No more than the purchase of coal or something like that.

Senator FERGUSON. This is a capital outlay, this is not a purchase of so much coal.

Mr. WILLIAMS. You may be right, Senator, I do not know. I do not know just where this enters into it, but we certainly made it clear to the Congress and it certainly is in the record that for the plant last year we were asking TVA to furnish us that power.

Senator HILL. May I ask a question there, Senator?

If TVA did not supply you with this power and you could not buy it anywhere else, you would have to provide your own plant?

Mr. WILLIAMS. Yes. In fact, we take the view that this is the cheapest way; we think it is the most economical and expeditious way and the most feasible way to get power for this plant.

Senator CORDON. So that we can get an over-all picture of what we are going to be up against here, the next few years, I would like to have somebody indicate how much money we are going to be called upon to expend for the benefit of the Atomic Energy Commission, but through TVA, if TVA is going to furnish this 640,000 kilowatts indicated on page 93 of the hearing, which must be available by July 1952 and thereafter.

Mr. CLAPP. May I give you that figure?

Senator CORDON. Yes; I think we ought to have it.

TOTAL COST OF TWO UNITS AT WIDOWS CREEK AND JOHNSONVILLE PLANTS

Mr. CLAPP. The total cost of these two units at Widows Creek and fourth unit at New Johnsonville, which comprise the 337,500-kilowatt program for the Atomic Energy Commission's requirements will be \$59,000,000. That includes transmission and terminal facilities necessary to get the power out into the system and to its load.

Senator CORDON. If you furnish the balance up to 640,000, what is your cost?

Mr. CLAPP. This total of 640,000 includes the proposed increment of 340,000 plus the load we are already carrying or committed to carry to Oak Ridge.

COMPLETION OF NEW CONSTRUCTION FULFILLS AEC POWER REQUIREMENTS

Senator CORDON. In other words, you are not going to be required to build any more facilities for generating beyond these three generating units totaling 337,500 kilowatts in order to furnish the Atomic Energy Commission its full demand requirements of 640,000 kilowatts by and after July 1952?

Mr. CLAPP. That is correct, Senator.

I should point out that in the discussions before this committee in connection with the initial authorization for New Johnsonville, some 75,000 kilowatts of the Atomic Energy Commission's additional requirements, prior to the new 340,000 kilowatts requirement, were related to a part of the New Johnsonville initial capacity.

Senator CORDON. You were going to ask or are asking in the 1951 budget for some new generating capacity at Johnsonville?

Mr. CLAPP. That is right; we will ask for two more units, but they will not be a part of this present requirement for the atomic energy program.

Senator CORDON. They will, however, feed into the general line and will, I take it, represent at least, to some extent, a reserve for contingencies in the whole area?

Mr. CLAPP. They will feed into our general system and will be justified by the normal growth that is taking place in our load outside of the Atomic Energy Commission requirements.

NUMBER OF GENERATOR UNITS AT JOHNSONVILLE

Senator CORDON. How many generators do you expect to put in Johnsonville all together?

Mr. CLAPP. As I have described it, it would include six units.

Senator CORDON. As you described it. Have you described it fully, or have you put six units after that?

Mr. CLAPP. Senator, to the best of my knowledge, that is probably as large as that plant may be. But I would not want to say that definitely or dogmatically, because it may turn out that as additional requirements come along, especially in the western end of the system, the most economical way to meet those requirements may call for still more units at Johnsonville.

Chairman McKELLAR. Is it not true that your requirements down there have exceeded your expectations at the time these installations were made?

Mr. CLAPP. They certainly have, Senator. The growth is amazing and persistent.

Senator HILL. To a certain extent, would that not apply throughout the United States?

Mr. CLAPP. Of course, Senator.

Senator HILL. Not only to the TVA area but throughout the United States the demand for power has been greatly accelerated far beyond what we thought would be the case 10 or 15 years ago.

Chairman McKELLAR. Especially out West.

Mr. CLAPP. That is right. It is an indication of the growth of the country.

Senator HILL. And the strength of the country.

Mr. CLAPP. Yes, sir.

EFFECT OF STOPPAGES OF COAL ON POWER SUPPLY AT OAK RIDGE

Senator GURNEY. Mr. Clapp, I was thinking now of the stability of the program you advocate here, because atomic energy is very vital at the moment to our national defense. Taking Mr. John L. Lewis and his stoppage of coal being delivered, what provisions have you for that? Do you have natural gas coming into that area that you could fire those boilers with, or do you have any plans for running the coal mines yourself, or what can you tell Congress this week on the stability of the use that you intend to make of these steam plants?

Mr. CLAPP. Senator, we have no plan or desire to get into the operation of coal mines.

Senator GURNEY. You will be taking on that load when you are taking on national security. You are telling Atomic Energy you are going to run all three of them. You are telling them that you are going to run it in there. You have that responsibility as soon as you take a contract from Atomic Energy.

Mr. CLAPP. That is correct, and we have to make certain assumptions about the stability of the country as a whole, to meet those responsibilities. But let me be specific about the rest of the question.

Senator GURNEY. Yes.

Mr. CLAPP. The new Johnsonville steam plant will have access to natural gas.

Senator GURNEY. To run all of its units?

Mr. CLAPP. We believe gas may be obtainable to run all of its units.

Mr. WESSENAUER. Pipe lines go by within 25 miles. Arrangements have not yet been worked out for a gas supply to the plant.

Senator GURNEY. Whether or not they can furnish the gas is another thing.

Chairman McKELLAR. A gas pipe line has been established in Oak Ridge, has it not?

Mr. WILLIAMS. Yes, sir; we have been running on natural gas for a couple of months.

Chairman McKELLAR. That is in operation now, Senator, by a gas line coming from the Southwest and that is not very far from where you are.

Mr. CLAPP. We went into that as one of the factors in the location of the new Johnsonville plant to help carry our loads in the western part of the system.

With respect to the ability of TVA to meet its responsibilities and to prevent these generators going out in times of coal crisis, let me say this: that we maintain stock piles of coal as prudently sized as our judgment permits us to, and larger than our industrial customers maintain. In the event of a national coal shortage brought on by a crippling strike, presumably cuts in loads not affecting national security would take place first and dwindling coal supplies would be applied to maintain those operations which are of utmost importance to national security. TVA, like any other utility system, would be compelled to take steps of that kind to keep Oak Ridge going.

Senator GURNEY. I think that is correct. I was interested to note that natural gas goes by or near Johnsonville. But your study should also indicate as to whether or not the capacity of that pipe line is sufficient to take your load at any moment, or on some notice. And the location of the new Widows Creek plant should have been gone into as a matter of a dual source of power supply, coal supply, or heat supply shall we say. Possibly it would be better to increase the size of Johnsonville rather than build at Widows Creek. What have you to say about that?

Mr. CLAPP. We are adding one of these units at Johnsonville for the purpose of supplying Oak Ridge. But inasmuch as Oak Ridge is in the eastern part of our system, the alternatives were adding transmission capacity as well as units at Johnsonville, to make the power flow from the West to the East or the location of additional power supply in the East; the latter is a more efficient and more secure arrangement.

Chairman McKELLAR. Mr. Clapp, let me ask you another point. As I recall it, Widows Creek was about 25 miles from Chattanooga.

Mr. CLAPP. That is right.

NATURAL GAS PIPE LINE AT CHATTANOOGA

Chairman McKELLAR. As I understand it, this pipe line has a line now running into Chattanooga. I do not know how far the nearest point may be to Widows Creek, but it could not be more than 35 miles from a connection with that pipe line.

Mr. CLAPP. The pipe line for natural gas supply is under construction into Chattanooga at the present time.

Chairman McKELLAR. Yes, and it will be completed shortly and you are not far from it.

Mr. CLAPP. That is right.

Chairman McKELLAR. Widows Creek is not far from that natural gas pipe line.

Mr. CLAPP. That is right.

Senator GURNEY. I do want to caution you now that when you take on atomic energy requests the whole United States of America is interested in this. You must do your best to see that not only the pipe line goes by the plant and is hooked up but also see that the source of supply for that pipe line and pressure in the pipe line and size of it is big enough to handle this tremendous generating plant you have at Widows Creek or you are going to have, and the tremendous plant you are going to have at Johnsonville. That takes long years to get those things fixed. You have got to be able to turn coal off and gas on with a turn of a spigot.

Mr. CLAPP. Senator, we are not overlooking any possibility that will make the operation of these plants as certain as human planning can do it. There is this fact that ought to be mentioned with respect to the TVA system as a whole and its ability to meet emergencies affecting the atomic energy program or the aluminum program or the chemicals program or any urgent national defense or national security operation. The whole TVA system, with all of its capacity and all of its storage of water power as well as coal, could, in times of crisis, where coal supplies or where other fuel supplies were short, cut down its other load to the bone and from its hydro system meet the national defense and internal security operations first, foremost, and above everything else.

We went through an experience in 1940-41 before the United States got into the war when the aluminum industry in the valley was asked to expand quickly before any provision was made to expand power supply. What did we do? We cut down on our other loads, purchased energy from others, and used various other emergency measures. We put in a conservation of electricity program in order to help keep the aluminum industry operating, help permit the Aluminum Co. to take power beyond its contract demand upon the TVA.

And in any part of the country any power system would have to meet those emergencies.

Senator GURNEY. The atomic energy program, as you know, is held in very high regard by the public of the United States at the moment and the furor that would come by stopping that plant would be more than stopping an aluminum plant or something else along that line.

I think that you have got to double your efforts to be sure you keep running when you take on an order from the Atomic Energy Commission.

Mr. CLAPP. We understand that firmly and grimly and are not only doubling our efforts, but redoubling them.

FINANCIAL STATUS OF THE TENNESSEE VALLEY AUTHORITY

Chairman McKELLAR. What encouraged me is a paragraph that I want to read from that letter that I spoke of a while ago:

By June 30, 1950, the end of the current fiscal year, TVA's cumulative payments into the Treasury will total about \$54,200,000. This \$54,200,000 will consist of \$16,000,000 for bond retirements, \$29,100,000 paid from power earnings under section 26 of the TVA Act (making a total of \$45,100,000 from power), and \$9,100,000 of nonpower proceeds also paid into the Treasury under section 26.

It seems to me that this activity has been very successful.

Senator FERGUSON. Does the letter say how much has been drawn, Mr. Chairman?

Chairman McKELLAR. Yes, sir; as I remember it, I think it does. Does it not?

Mr. CLAPP. The figure is some \$800,000,000.

Chairman McKELLAR. Yes; it is \$815,921,481.

Mr. CLAPP. That is for all purposes, Mr. Chairman, and not only power.

Senator FERGUSON. If you were a private concern what would you be paying in taxes to the Federal Government?

Mr. CLAPP. If this were a private utility, Senator Ferguson, the TVA would be paying a corporation income tax of 38 percent of the net earnings.

And we have net earnings and consequently we could pay the 38 percent.

Senator FERGUSON. But you do not. .

Mr. CLAPP. We do not, but all of the revenues are the property of the Government.

Chairman McKELLAR. And going into the Treasury.

Senator FERGUSON. In 1950 when you are going to pay this income, how much are you asking for this year?

Mr. CLAPP. For 1950?

Senator FERGUSON. Yes, from the Treasury?

APPROPRIATIONS FOR 1950

Mr. CLAPP. The appropriation that was made for the current fiscal year, was approximately \$49,359,150.

Senator FERGUSON. That is for what?

Mr. CLAPP. That is for all purposes: dams, generators, chemical facilities, mostly capital items, and for annual expenditures in the other TVA activities.

Senator FERGUSON. You are taking out of the Treasury in 1950 \$49,000,000 and you will take out for 1951 how many million?

REQUEST FOR 1951

Mr. CLAPP. Our request for 1951 is about \$108,000,000 including all of the capital outlay required.

Senator FERGUSON. And you are paying in \$54,000,000. That is not a good showing is it?

Mr. CLAPP. I think it is a very good showing.

EARNINGS ON TVA INVESTMENT

Chairman McKELLAR. What is the percent of earnings?

Mr. CLAPP. Our net earnings in relation to the amount invested in the power system have been running between 4 and 5 percent on the investment.

Chairman McKELLAR. It seems to me that is a remarkable record for an institution of this type.

QUESTION OF TAX PAYMENTS

Senator FERGUSON. They do not pay any taxes.

Chairman McKELLAR. They do not pay any taxes, but it is still remarkable.

Senator HILL. Of the \$49,000,000 you expended for this year a lot of that was capital investment going into the plant; is that not true?

Mr. CLAPP. That is true. A large part of it was capital investment.

Senator HILL. From which in the normal course of events you will get a return on these capital investments; is that not true?

Mr. CLAPP. That is right.

Chairman McKELLAR. Let me ask you one other question: Is it not also true that because of this project hundreds of plants have been established, private plants, and they are paying taxes into the Treasury of the United States?

Mr. CLAPP. The whole development of the valley area, Senator, has been accompanied by increased growth of income, with an increase in the relative amounts the taxpayers in the Tennessee Valley are paying toward the cost of government.

FEDERAL POWER TAX

Senator CORDON. You do not pay that 3-percent tax on your power?

Mr. CLAPP. No; we do not, sir.

Senator CORDON. Do you have any idea what that would be?

Mr. CLAPP. No; I do not.

Senator CORDON. Do you know whether it is within a fraction of a mill?

Mr. KAMPMEIER. The 3-percent tax would be around one-tenth of a mill. However, that energy tax applies only to small consumers—residential and small commercial consumers—and therefore on the over-all output it would be something considerably less than a tenth of a mill.

Senator CORDON. You say the regular Federal tax is on residential and small consumers?

Mr. KAMPMEIER. I believe I am correct in saying so; yes, sir.

Senator CORDON. I will check it again. I will not categorically deny that you are right. I doubt very much that you are.

AUTHORIZATION FOR NEW CONSTRUCTION OF TVA PROJECTS ALLOWED BY BASIC ACT

There is one other question that I would like to raise.

Is there any provision in the law that creates and provides for the operation of the continuance of TVA that necessitates an authorization before appropriation can be made to have your new plant at Widows Creek? I do not recall there has ever been any authorization. Is there any requirement that there be an authorization preceding an appropriation?

Mr. CLAPP. Senator, the TVA Act itself takes care of that.

Chairman McKELLAR. Yes; the TVA Act itself takes care of that.

Mr. CLAPP. It authorizes steam plants as well as dams.

Senator FERGUSON. That is your claim.

Senator HILL. In that connection, might I interject that the point of order was raised, you remember, on the Johnsonville steam plant and the then presiding officer of the Senate, Senator Vandenberg, ruled on that point of order that the steam plants were authorized under the basic TVA Act.

Senator FERGUSON. Another Chair could have ruled otherwise.

Senator HILL. No; I would not say that.

Senator CORDON. I do not think Senator Hill reaches the meat of my inquiry. I might raise the point of order on the ground that not as to whether a plant was authorized, but as to whether TVA was exceeding its corporate delegated power in attempting to even get one.

In other words, was it an ultra vires act? That might have been the basis for the decision on the point of order.

Senator HILL. The basis for the decision, as I recall it, was the point of order went to the question as to whether or not the initial construction of the new Johnsonville steam plant was authorized by the basic TVA Act.

Chairman McKELLAR. I remember we had quite a bit of argument on that.

Senator CORDON. I did not know that was in their power.

In the case of flood control or rivers and harbors projects, the law provides that before a specific project can receive an appropriation, that project upon appropriate report must be authorized for construction.

The same thing is true with reference to a Bureau of Reclamation project. I do not know whether the TVA, for instance, by resolution of its board can put itself in a position to have an authorized project here which would be basic for a balance of appropriation, or whether some action of Congress can come in after such act. I wondered what the law was on it.

Mr. CLAPP. The law is that the TVA Act is the authorization, Senator.

If I may go back a bit into some fairly recent history, in connection with the debate and discussion that took place before this same committee with respect to the Johnsonville steam plant—for which we did not seek appropriation on the basis of national defense, but upon the basis of meeting our normal power load—there was outside counsel brought in by the representatives of the private utilities who argued against the point of view that the TVA Act authorized TVA to build steam plants unless they were for national defense purposes.

Senator CORDON. We are not vibrating on the same plane. I do not question that at all.

Mr. CLAPP. I am sorry if I missed the point.

Senator CORDON. The point is, assuming that your basic structure, the act that sets you up, does authorize you to engage in the business of producing power with a steam plant, let us start with that assumption.

Mr. CLAPP. I see.

Senator CORDON. Now you can do it. The question is, is there needed an intermediate affirmation or authorization by the Congress of your right not to generate electricity with steam, but to construct a specific plant to do that with.

Mr. CLAPP. Senator Cordon, the law, as we understand it, and it has been repeatedly affirmed by the process applied by the Congress, is that we do not need a specific legislative authorization for any new plant.

Senator CORDON. I do not know. I thought we ought to have the matter raised here because I noticed in the language used here something to the effect that three generators were authorized at Johnsonville, and this is the fourth.

Now, that term "authorized" might have been just loosely used for the word "appropriated." The funds were appropriated.

Mr. CLAPP. If I used the word "authorized", it was a loose use of it; I should have said that funds were appropriated for the purpose of constructing three units.

Senator CORDON. I do not recall the authorization at Johnsonville. Senator FERGUSON. There was not any.

Mr. CLAPP. There was not a specific legislative authorization because none was needed. The TVA Act authorized it.

Senator CORDON. I am inclined to believe your act itself permits the TVA board of directors by their action to authorize a project and that that authorization is an adequate one if, as, and when Congress, pursuant to it, makes an appropriation. But I am not at all sure about it.

Senator HILL. I hope the Senator will go back and get the argument on when the point of order was raised in connection with the Vandenberg decision.

Senator FERGUSON. I never agreed with the Senator's decision. I think it is bad law to have the Appropriations Committee appropriate for these taxable expenditures when in other cases the different committees must authorize the appropriation before the appropriation can be enacted.

I think this is the exception that should not exist.

REDUCTION IN SUPPLEMENTAL REQUEST

Senator CORDON. Mr. Chairman, if I might raise one other question here, I would like to do so.

Chairman McKELLAR. Yes, sir; go right ahead, Senator.

Senator CORDON. Mr. Clapp has testified with reference to the reduction in the supplemental request made by the House and has requested that the amount be restored on this side and has stated that the reduction was made last year pursuant to a general plan for reduction in construction items by 15 percent with a statement in the report to the effect that any construction agency finding that the cost had not gone down that amount would be permitted to come back for a supplemental this year.

The same situation, of course, was true with reference to the other construction agencies. When the Corps of Engineers just a few days ago was testifying on that same subject, General Pick made the statement in answer to several inquires, as follows:

We are making every possible effort to complete those projects with the funds provided by the Congress. A preliminary review of the status of those projects indicates that in many cases it will be possible to complete the work with available funds.

If, after reviewing this situation, we find additional funds will be appropriate, request will be made.

That would indicate that the corps, at least in some of its projects—but which ones, of course, are not identified—does feel that it can do a pretty fair job of going forward with either construction within the amount appropriated, which was, as it was in the case of TVA, 15 percent less than was estimated.

EFFECT OF FOLLOWING HOUSE ACTION

I am wondering what would be the result if the Senate failed to make that restoration and I do not want to leave it purely as a matter of disinterested speculation.

We are faced here with a rather desperate situation for the condition of the whole Nation is concerned, and I am one of those who believe

that the time has come to tighten our belts all the way through the appropriative groups and try to get back on some kind of a sound fiscal level and this might be one contribution that should be made by the TVA looking toward that interest.

What would be the result, frankly, other than the fact that you would not get done all you had planned to get done? Other than that, would there be any real substantial irreparable loss to your operations if we did not restore any of the funds that were reduced by the House?

Mr. CLAPP. If the \$5,000,000 is not restored, and the House voted to restore almost all of that amount, it will mean that we will not be able to proceed with the schedule for the new Johnsonville plant which is now under construction and get as much of that job done in this fiscal year as we had planned and which we must get done and should get done if we are to meet the initial operating date of the first unit of that plant.

Senator CORDON. Is that \$5,000,000 all dedicated to that one project?

POSTPONEMENT OF CONSTRUCTION SCHEDULE ON JOHNSONVILLE STEAM PLANT

Mr. CLAPP. No, it is not all dedicated to that.

The situation with respect to the Johnsonville schedule in relationship to that item is this: At the Johnsonville steam plant \$1,115,000 of work has been scheduled for the March to July period based upon securing this supplemental appropriation. If we are not able to get that money to keep construction at Johnsonville on schedule, which was the schedule we had before the Congress at the time that the cut was made, we will have to slow down work on the Johnsonville project.

Senator CORDON. Is there something else you could slow down to get on with the Johnsonville project? This is a case where you are positively faced with something of the nature of what you were faced with in 1941 and if you take that view that Johnsonville is preeminent in your requirements, is there some place else you could slow down?

Mr. CLAPP. Let me explain what that \$5,000,000 also affects.

Senator GURNEY. Let me ask you right there, the House did not cut you below the supplemental by \$5,000,000?

REQUESTED RESTORATION OF HOUSE CUT

Mr. CLAPP. They cut it \$682,500 below our request.

Senator GURNEY. That is all you are asking this committee for in addition to the House figures?

Mr. CLAPP. That is right, Senator. All we are requesting here, as far as the adjustment of the supplemental request is concerned, is the restoration of the amount cut by the House.

But I was talking to the necessity of the \$5,000,000 request for restoration of the major part of the amount by which the Congress reduced our budget last year applicable only to the construction program.

Senator CORDON. You have \$1,115,000 which has been tentatively, or at least scheduled, to Johnsonville between March and July, inclusive, I take it, for the current year; is that right?

Mr. CLAPP. For the current fiscal year.

MISCELLANEOUS EXPENDITURES ON BALANCE OF FUNDS, SOUTH HOLSTON DAM

Senator CORDON. What were you going to use the rest of the \$5,000,000 for?

Mr. CLAPP. The South Holston Dam is approaching completion. This is the critical year in its construction.

Senator CORDON. It is the closure year?

Mr. CLAPP. Yes, sir. We should close the dam this November and fill the reservoir so that power operation will begin at the earliest possible date.

One of the biggest items in that construction schedule for South Holston Dam is the earth and rock fill on the dam proper, and the highway relocation and land purchases at South Holston Dam in the amount of some \$589,000.

Senator CORDON. How much is that?

Mr. CLAPP. \$589,000.

Now, if we have to defer any of that work, we run a serious risk of missing our closure date. If we miss our closure date we get into the rainy months without the gates down and we cannot close the reservoir, nor can we do the earth and rock fill because of weather conditions.

Senator CORDON. That is perfectly clear.

Mr. CLAPP. That protects our power supply on a critical deadline date.

INSTALLATIONS AT PICKWICK AND HALES BAR DAMS

We are also in the process of installing two units, additional hydro-generating units, at Pickwick Dam and two additional generating units, hydro units, at Hales Bar Dam.

Our present schedule contemplates the expenditure of \$1,873,000 on these installations between March and July of 1950, this current fiscal year.

Senator CORDON. Are all of those installations generators?

Mr. CLAPP. Yes, sir.

Senator CORDON. Do you have the generators purchased and ready?

Mr. CLAPP. They are on order.

Now, if the manufacturers cannot go ahead with those units on this schedule that will also delay the initial operating date affecting 120,600 kilowatts of capacity which were in the schedule as we laid it out to the Congress a year ago at the time that this cut was made.

Senator HILL. How much need is there for those units?

Mr. CLAPP. Those units and every unit that we have in our existing program are needed just as quickly as we can get them on the line.

The load requirements are upon us now and the load forecast makes every block of this new power from these installations of critical importance.

DISCUSSION OF APPROPRIATION AS EFFECTING DEFICIT SPENDING

Senator FERGUSON. Notwithstanding that it means deficit spending you say you must have it.

In other words, it is more important that you get this money than the Government's efforts to balance its budget. Do you mean even though it means deficit spending this must be had?

Mr. CLAPP. Senator, the sooner they go in the sooner they will start paying back and earning money for the Government.

Senator FERGUSON. I do not care how much is paid back. You know about that. But you say now that this is more important to the country as a whole that you get this than that we balance the budget or attempt to balance it?

Chairman McKELLAR. I do not think he said that.

Senator FERGUSON. I am asking him.

Chairman McKELLAR. Very well, Mr. Clapp; answer the question.

Mr. CLAPP. Senator, the deferral of these items would have no effect upon the balance of the budget in this sense: That it would not reduce the total cost of any of these installations to defer them. As a matter of fact, it might very probably increase them. It would defer the date when they would be useful as an investment to the Government and in earning a return on the investment. Delays would bring on a power shortage in the Tennessee Valley which would cost the Government money in terms of its economy.

Chairman McKELLAR. In terms of its taxes, too, from private industry.

Mr. CLAPP. Yes, sir.

Senator FERGUSON. Well, then, your answer is that it is more important that we go with an unbalanced budget than it is to cut down on this particular year's expenditures?

Mr. CLAPP. I certainly think, Senator, it is more important that these power installations proceed than that they be deferred in order to achieve a balanced budget.

Senator FERGUSON. That is all I have. Very well.

LEVELING OF CONSTRUCTION COSTS IN SUPPORT OF APPROPRIATION CUTS

Senator CORDON. Mr. Clapp, this matter was up to some extent when the engineers were here and the members of the subcommittee were rather probing in their questioning.

Among other things as a result of the questioning at that time, General Pick, Chief of Engineers, said, and I quote:

The cost of dams under construction shows a leveling off. There is no indication of any further upward trend. Cost of concrete dams shows a 5-percent decrease in cost during the past years. These costs are based on 10 major construction items representing 70 percent of the total construction cost of the dams.

He adds:

In recent months we have had a marked increase in the number of bidders on work. This means that competition is more intense and we are more certain of achieving rock-bottom prices from the contractors.

That would indicate that there was some reduction of consequence during the year, and it would occur to me that TVA ought to be able to go along on the basis of the other construction agencies at least to the extent of a 10 percent construction reduction of last year, or at a very floor of 7½ percent, which would be a return at this time of one-half of the original.

Senator GURNEY. Did TVA build these plants on competitive bases, or do you build them yourself?

Mr. CLAPP. We build the plants ourselves and I think that leads to one of the major reasons why the situation as General Pick describes it would not produce the same results in TVA.

What General Pick may be saying is that when they were getting fewer bidders the bids had in them a margin of higher profit for the contractor——

Senator CORDON. I do not think there is any question about that.

FORCE ACCOUNT WORK SHOWS COST TRENDS

Mr. CLAPP. That is the case now when there is stiffer competition. We build our dams by force account.

Senator CORDON. All of them?

Mr. CLAPP. All of them.

And the place where we have an opportunity to reflect savings in the decline in cost of materials is in such raw materials as steel, cement, lumber, small tools, pipes and fittings, and so on.

According to the Engineering News-Record index, which is a composite moving index of all construction equipment, materials, and costs, the index is at a higher point now than it was at the time the Congress assumed a 15 percent reduction would take place last spring. That index is at a higher point now than it was at the time we made our estimates for 1950, which was in August of 1948.

Another point to consider is that because we do our work by force account the items which would reflect any decline in cost would be in the category of supplies and materials, which consist largely of steel, cement, lumber, and so on.

Senator CORDON. Let us go on to what General Pick was talking about. When he said this was true on seven major construction items representing 70 percent of the total construction cost, I do not think he was guessing.

Senator FERGUSON. Are all of your steam plants on force account?

Mr. CLAPP. Yes; we are building the Johnsonville steam plant on that basis.

Senator FERGUSON. Do you get any bids at all to get any yardstick on your force account and how you came out as compared to what you might have done on bids?

Mr. CLAPP. We do not ask for bids because the analyses we make show that in the per-kilowatt cost of installation we are well in line with what other people are building steam plants for.

Senator FERGUSON. Are they lower?

Mr. CLAPP. I would have to relate that to comparable facilities. Our engineers believe that we are building this steam plant cheaper than would be the case with a contractor.

DISCUSSION OF FORCE ACCOUNT WORK AND CONTRACT BIDDING

Senator FERGUSON. You are familiar with the fact that this Congress requires most of these reclamation and different contracts to be built by private bidding, and only allows a certain small percent to be built on force account?

Mr. CLAPP. Yes; I am aware of that general policy, Senator, and we have explained a number of times the economies——

Senator FERGUSON. Do you know why there should be a different policy with the engineers than there is with you?

Mr. CLAPP. For the job that we are expected to do, we are better equipped to build these by force account than the Army engineers would be.

Senator FERGUSON. What is the difference between the dam that you built and the dams that the engineers built?

Mr. CLAPP. Our dams are concentrated in one area. That is one difference. Their projects are scattered all over the country.

Senator FERGUSON. Do you think that makes a difference on force accounts or contract accounts?

Mr. CLAPP. It makes a difference in ability to organize forces efficiently. We have been able to build one dam and as our forces finish they move to another dam and build it.

Senator FERGUSON. Why would you oppose contract bidding?

Mr. CLAPP. Because it would cost the Government more money.

Senator FERGUSON. Have you tried it?

Mr. CLAPP. We have let some of the work out to contract on portions of a project, such as the relocation of a bridge, or relocation of a highway.

Senator FERGUSON. On a small item like that, I can see where it would be larger. When was the last time you took this on the large dams and steam plants?

Mr. CLAPP. We do not take bids on large dams and steam plants.

Senator FERGUSON. You have not been taking them?

Mr. CLAPP. We have not taken them.

Senator GURNEY. Have you had any comparisons that would give you some idea of the unit cost of a cubic yard of concrete in the dams that the engineers are able to get a contractor to bid as compared with the cost of your units in your dams?

Mr. CLAPP. Yes; we have gone into these questions exhaustively from time to time. We made an analysis last year in connection with discussions we had on the House side. It is perfectly clear on the record of our analysis that the TVA has built this system at a cost as low, if not lower, than would have been the case had each dam been open to bidding and let to contract.

There are a lot of reasons why that is an obvious conclusion.

Senator GURNEY. No. 1, you do not have to figure on profit for the contractor.

No. 2, you do not have to figure on the tax being paid by the contractor.

You should build them cheaper.

Mr. CLAPP. Of course, we should build them cheaper. No. 3 is that we can move crews from one project to another. We can shift equipment from one project to another. We can have our design work go hand in hand with the construction work instead of taking a year to design a dam completely in order to ask for bids which may or may not be acceptable.

Senator FERGUSON. Of course, that same rule applies to all Government work. The Government, then, should never take a bid contract; they should do it on the force account, because they save income tax and they save all of these items and they save any profit and they eliminate that work profit; is that not true?

Mr. CLAPP. I do not like to generalize too far on that, Senator. I prefer to limit my general remarks to TVA's experience. TVA's experience is that force-account methods as practiced by the TVA have saved the Government money.

Senator HILL. And the truth of this business is that through the years the Navy Department has built some ships on force account and other ships have been built on contract with private contractors.

Senator FERGUSON. And the difference has been shown that the private contractors have built cheaper.

Senator HILL. I do not know about the difference there. I do not think the difference shows that the dams are being built cheaper.

Senator FERGUSON. I would like to get the evidence and see the figures.

COMPARISON OF COSTS ON FORCE ACCOUNT AND CONTRACT WORK

I think, Mr. Chairman, that he ought to bring his figures in here showing his comparison. He says it costs less so we ought to have the figures to show he compared them.

Chairman McKELLAR. Very well, sir. Will you bring your figures, Mr. Clapp?

(The information requested is as follows:)

As referred to above, an analysis made last year was submitted in the course of House hearings. The analysis appears at pages 853-860 of the House hearings on the independence offices appropriation bill, 1950.

Chairman McKELLAR. There is one thing about it, Mr. Clapp, so far as I know, has never refused to give this committee any figures or any facts that he has. If he has the records he will bring them in, in my judgment.

Mr. CLAPP. Of course I will, Mr. Chairman. We have made an analysis of our own experience with contract work on TVA jobs and we have comparative analyses of cost of similar dams to that of the TVA.

Senator FERGUSON. You have made comparisons with the Army Engineers and Reclamation so you know what the costs are?

Mr. CLAPP. It was as exhaustive and as practicable as we could make it.

Senator FERGUSON. We would like to see it, so we can tell how they run.

Senator GURNEY. Even though you take off a profit that the contractor might make and the taxes that he does pay you still build them cheaper; is that right?

Mr. CLAPP. I believe I said, Senator, as low, if not lower.

Senator GURNEY. Even after taking those off?

Mr. CLAPP. I would want to check that specific question.

Senator GURNEY. I wish the information you furnish us that you would give credit to these contractors who compete in competitive bidding and take in how much taxes they paid or profit they have made on the projects with the Army engineers or Bureau of Reclamation. I think that ought to show up because certainly you are not required to pay taxes or show a profit.

Mr. CLAPP. I do not know whether we could find out how much the contractor's profits are. We could try.

Senator GURNEY. I think there is some information some place.

Chairman McKELLAR. Are there any further questions, gentlemen?

It appears that there are none. Thank you very much, Mr. Clapp, we are very obliged to you and these gentlemen for coming down.

Mr. CLAPP. Thank you, Mr. Chairman.

OFFICE OF THE HOUSING EXPEDITER

STATEMENTS OF TIGHE E. WOODS, HOUSING EXPEDITER; JOHN J. MADIGAN, DEPUTY HOUSING EXPEDITER (ADMINISTRATION); ED DUPREE, GENERAL COUNSEL; AND G. WILLIAM COMFORT, DIRECTOR, BUDGET AND FINANCE

SALARIES AND EXPENSES

JUSTIFICATION

Chairman McKELLAR. We will next hear from the Office of the Housing Expediter.

The justification will be inserted into the record at this point, without objection.

(The justifications referred to are as follows:)

Salaries and expenses, Office of Housing Expediter, 1950 (H Doc. 455)

Request (for 2½ months from April 13 1950)-----	\$3, 600, 000
Appropriation to date-----	17, 500, 000
Obligations to Dec. 31, 1949-----	11, 652, 614
Expenditures to Dec. 31, 1949-----	10, 116, 678
Employment:	
Average number, current appropriation (9½ months)-----	4, 512
Number involved this estimate (2½ months)-----	3, 920
Actual employment, Dec. 31, 1949-----	4, 153
Budget estimate next fiscal year: Present act expires June 30, 1950.	

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The appropriation of an additional amount of \$3,600,000 is required to enable the Housing Expediter to carry out the provisions of the Housing and Rent Act of 1949, approved March 30, 1949, during the second half of the fiscal year 1950.

It is understood that when the \$26,750,000 recommended by the President for the fiscal year 1950 was reduced to \$17,500,000, it was not intended to hamper the administration of rent control, but that it was considered desirable to review the situation in January when more definite information would be available with reference to the effects of actions under the decontrol provisions of the law.

Because the Housing and Rent Act of 1949 was a strengthened rent control act, and imposed major additional functions and responsibilities on the Housing Expediter, our staff was necessarily expanding at the beginning of the fiscal year. The Independent Offices Appropriation Act, 1950, was not approved until August 24, 1949, and it was only a few days earlier that we were on notice of the proposed reduction of \$9,250,000, or approximately 35 percent of estimated requirements. Drastic emergency actions were immediately taken to change plans of operation and reduce expenditures, but, as such actions would not be reflected in reduced expenditures for at least 30 days, expenditures for almost 3 months of the fiscal year were necessarily at a much higher rate than the ultimate appropriation would have permitted. Expenditures and obligations for the first quarter were \$6,323,400, or an average of \$2,107,800 per month, and this left only \$11,166,600 remaining of the \$17,500,000 appropriated to cover operations for the remaining 9 months, or an average of \$1,240,733 per month. All possible administrative actions to reduce expenditures have been taken, and these actions together with decontrols have reduced the staff from a peak of 5,462 employees to 4,153 as of December 31, and the monthly cost of operations has been reduced to \$1,650,000. Any further reductions would have made it impossible to have rendered even a modified type of service to the public under the provisions of the Housing and Rent Act. The estimate is based on actual operating costs and the situation as it actually exists at the present time, and it makes provision for a further reduction of 250 employees over the remaining 6 months period as a result of anticipated decontrol actions. The \$3,600,000 requested is considered the minimum additional amount required to administer the provisions of the law during the remainder of the fiscal year 1950.

Obligations by objects, fiscal year 1950

	Appropriation to date, 1950	Supplemental estimate, 1950	Revised total, 1950
01 Personal services.....	\$14,574,252	\$3,122,000	\$17,696,252
Terminal leave.....	820,667	100,000	920,667
02 Travel.....	578,073	102,500	678,573
03 Transportation of things.....	90,206	26,100	119,206
04 Communication services.....	266,858	58,500	325,358
05 Rents and utility services.....	851,544	83,100	934,644
06 Printing and duplicating.....	116,356	40,100	156,456
07 Other contractual services.....	169,978	60,800	230,778
08 Supplies and materials.....	23,256	6,900	30,156
09 Equipment.....	7,910	0	7,910
Total obligations.....	17,500,000	3,600,000	21,100,000

Obligations by activities

	Appropriation to date, 1950	Supplemental estimate, 1950	Revised total, 1950
Rent control.....	\$17,313,000	\$3,597,000	\$20,920,000
Veterans' affairs.....	177,000	3,000	180,000
Total.....	17,500,000	3,600,000	21,100,000

Estimated supplemental appropriation, fiscal year 1950

Actual obligations, Dec. 31, 1949..... \$11,652,614

Estimated obligations, Jan. 1-June 30, 1950:

Personal services:

Staff at Jan. 1, 1950: 4,153 employees at annual salaries of \$16,686,262. Estimated cost for period ending June 30, 1950..... \$8,343,131

Less anticipated reductions due to decontrol actions, etc..... 250,745

Overtime pay..... 8,092,386
25,000

Personal services, active duty..... 8,117,386

Terminal leave: Based on an average of \$750 per employee to be separated, plus estimated cost of annual leave of those employees who have completed last day of active duty pending separation..... 200,000

Total personal services..... 8,317,386

Travel: Estimated on basis of cost per traveler for period July 1-Dec. 31, 1949..... 300,000

Other objects: Based on cost experience during period July 1-Dec. 31, 1949..... 830,000

Total estimated obligations, Jan. 1-June 30, 1950..... 9,447,386

Total estimated obligations, fiscal year 1950..... 21,100,000

Appropriation, Independent Offices Appropriation Act, 1950..... 17,500,000

Supplemental appropriation required..... 3,600,000

JUSTIFICATION

In justification of the submission of the attached supplemental estimate of additional funds required to finance the administration of the rent control program for the fiscal year 1950, the following statement of facts is presented.

The total amount made available by appropriations for the fiscal year 1949 was \$22,222,100. The Housing and Rent Act of 1949 was a strengthened rent control act, and imposed on the Housing Expediter the responsibility for carrying out major additional functions such as the control of evictions, increased rights of appeal, treble damages, accounting surveys, and included a mandate that there be designated for each defense rental area an employee to assist small landlords and tenants specifying the duties to be performed by such employees. It was estimated that 1,543 additional employees would be required during the fiscal year 1950 to carry out the expressed intent of the Congress, and this estimate gave due consideration to a forecast of probable decontrol actions.

At the beginning of the fiscal year no appropriations had been made for the rent control program, and we started the year on an expanding basis with no information as to the exact amount of money that would be made available except that the President had approved a budget of \$26,750,000. It was not until the latter part of August that word was received that the conferees had agreed to reduce the amount requested for the Office of the Housing Expediter from \$26,750,000 to \$17,500,000, a cut of approximately 35 percent. The appropriation act was passed on August 24. At that time there were 5,462 employees on the pay roll and operating costs were at an annual rate of \$25,237,512. About 2 months of the fiscal year had already elapsed.

The Housing Expediter was then faced with a very difficult problem. The law provides that on or before the beginning of the fiscal year amounts appropriated shall be so apportioned by monthly or other allotments as to prevent expenditures in one portion of the year which may necessitate deficiencies or additional appropriations to complete the service of the fiscal year. On the other hand, statements were made on the floor of the Senate to the effect that in reducing the appropriation there was no intent to hamper the administration of the Rent Control Act, and that consideration would be given to a request for additional funds if needed.

It was apparent that immediate and drastic action was necessary to completely modify and revise plans for administering the rent-control program. The Housing Expediter was authorized to decontrol areas on his own initiative only where a determination could be made that the need for housing had been met. There was, of course, a continuous processing of decontrol actions, but these were mostly in sparsely populated areas where decontrol did not result in material savings. There were other decontrols resulting from the local option provisions of the law which did result in substantial savings, but such savings represented only a small percentage of the reduction of \$9,250,000 in the appropriation. Reductions in operating costs other than those resulting from decontrol actions were necessary.

The operating heads of the field organization were called to Washington for the purpose of discussing ways and means of administering a rent-control program, and, at the same time, reduce operating costs. The following actions were proposed and have been taken: (1) The regional offices were reduced to skeleton staffs, (2) all administrative activities have been centralized in the national office, (3) branch offices have been closed in areas still under control and service has been provided on a circuit rider basis, and (4) the staffs of the remaining offices have been carefully scrutinized and reduced to the minimum number required to perform essential activities.

The net result of these administrative actions taken together with the decontrol actions by State and local authorities, as well as under the Agency's initiative, was reduction of personnel from 5,462 at August 24, 1949, to 4,153 at December 31, 1949, and a reduction in the annual rate of expenditures from \$25,237,512 to \$19,340,000.

The law requires that employees who are separated be paid for their accumulated annual leave in a lump sum. This has already cost \$720,676 during the first half of the fiscal year. The potential annual leave obligation based on actual leave accruals is in excess of \$3,000,000. This eliminates any substantial savings through the separation of employees during the last half of the fiscal year. In some cases it imposes an additional burden on the 1950 appropriation. For example, the State of Alabama is decontrolled effective May 25. The separation of the 43 employees in the State of Alabama on May 25, will require payment from the 1950 appropriation of annual leave computed over periods running into

September, and will cost the 1950 appropriation more money than if the employees had continued on active duty through June 30.

As of December 31, 1949, there remains under control 369 defense rental areas, which according to the 1940 census had a population of 77,436,173 (57.4 percent of the United States total) containing 11,711,356 nonfarm tenant occupied dwelling units (71.2 percent of the United States total).

The attached estimate is a factual estimate based on actual operating costs and actual salaries of employees now on the pay roll with appropriate allowances for the effect of all anticipated decontrol actions during the last half of the fiscal year. All possible administrative actions to reduce expenditures by organizational changes and modifications have already been taken. The additional amount requested includes the cost of the pay increases resulting from the Classification Act of 1949, amounting to \$390,000. Considering the additional cost of terminal leave payments, it is apparent that any reductions in the additional funds required will have a serious effect on the administration of rent control.

The following exhibits are attached in support of this estimate:

Exhibit A. Summary of changes in number of field offices and employment,

August 24 to December 31, 1949.

Exhibit B. Comparison of regional offices employment by function, August 24 and December 31, 1949.

Exhibit C. Comparative staffing pattern, April 1 to December 31, 1949.

Exhibit D. Summary of offices closed by decontrol action, April 1 to December 31, 1949.

Exhibit E. Estimated cost of pay increases, fiscal year 1950, Public Law 429, Eighty-first Congress.

Exhibit F. Actual obligations June 1 to December 31, 1949—Estimated obligations January 1 to June 30, 1950.

Exhibit G. Comparison of employment by offices, June 30 and December 31, 1949.

EXHIBIT A—Summary of changes in number of field offices and employment, Aug. 24 to Dec. 31, 1949.

	Status at Aug. 24, 1949	Reductions due to ad- ministra- tive action	Reductions due to decontrol actions	Dec. 31 em- ployment at rates prior to Public Law 429	Increase pursuant to Public Law 429	Status at Dec. 31, 1949
Number of field offices:						
Area and branch.....	400	83	47			270
Regional.....	7	1				6
Litigation.....	11	1				10
Total.....	418	85	47			286
Employment:						
Area and branch offices:						
Number.....	4, 162	467	288			3, 407
Annual salaries.....	\$15, 484, 939	\$1, 626, 390	\$1, 061, 531	\$12, 797, 018	\$473, 573	\$13, 270, 591
Regional offices:						
Number.....	670	548				122
Annual salaries.....	\$3, 069, 767	\$2, 466, 715		\$603, 052	\$16, 958	\$620, 010
Litigation offices:						
Number.....	235	38				197
Annual salaries.....	\$1, 015, 078	\$148, 851		\$866, 227	\$27, 383	\$893, 610
Field accountants:						
Number.....	101	23				78
Annual salaries.....	\$484, 965	\$107, 207		\$377, 758	\$10, 842	\$388, 600
Departmental service:						
Number.....	294	(+55)				349
Annual salaries.....	\$1, 310, 301	(+\$154, 639)		\$1, 464, 940	\$48, 511	\$1, 513, 451
OHE total:						
Number.....	5, 462	1, 021	288			4, 153
Annual salaries.....	\$21, 365, 050	\$4, 194, 524	\$1, 061, 531	\$16, 108, 995	\$577, 267	\$16, 686, 262

EXHIBIT B.—Comparison of regional office employment by function at Aug. 24, 1949, and Dec. 31, 1949, indicating savings resulting from reorganization

	Aug. 24, 1949		Dec. 31, 1949		Reduction during period	
	Number	Annual salaries (rates prior to Public Law 429)	Number	Annual salaries (current rates)	Number	Annual salaries
Immediate office of regional housing expeditor.....	31	\$194,557	24	\$158,476	7	\$36,081
Advisory board coordinator.....	16	81,987	12	65,640	4	16,347
Information officer.....	20	96,527	13	66,175	7	30,352
Administrative assistant to regional housing expeditor.....			24	100,467	+24	+100,467
Administration Division:						
Personnel.....	42	159,645		(²)	42	159,645
Budget and finance.....	80	297,133		(²)	80	297,133
Administrative services.....	81	281,962	27	² 93,887	54	188,075
Operations.....	139	696,198	5	32,800	134	663,398
Legal.....	89	428,731	14	83,615	75	345,116
Rent investigators.....	113	550,506		(³)	113	550,506
Veterans affairs.....	59	282,521	3	18,950	56	263,571
Total regional offices.....	670	3,069,767	122	620,010	548	2,449,757
Less:						
Increase in staff in national office due to curtailment of regional offices.....					-52	-177,333
Transfer of investigators to area offices.....					-28	³ -142,550
Net reduction.....					468	2,129,874
Add: Increase in compensation under Public Law 429.....						93,130
Net savings in terms of positions and annual salaries at current rates.....					468	2,223,004

¹ Administrative assistant and clerical assistance for regional housing expeditor.

² Administrative functions centralized except for records and property administration.

³ Rent investigation staff transferred to area offices.

EXHIBIT C.—Comparative staffing pattern period Apr. 1–Dec. 31, 1949

	Apr. 1, 1949		June 30, 1949		Aug. 24, 1949		Dec. 31, 1949	
	Number	Salaries	Number	Salaries	Number	Salaries	Number	Salaries
Rent program:								
Field:								
Regional offices.....	532	\$2,425,925	603	\$2,752,133	611	\$2,787,246	119	\$601,060
Litigation.....	219	889,693	220	928,673	235	1,015,078	197	893,610
Accounting.....	85	415,030	97	479,671	101	484,965	78	388,600
Area offices.....	3,465	12,601,771	3,918	14,545,140	4,162	15,484,939	3,407	13,270,591
Subtotal.....	4,292	16,332,419	4,838	18,705,617	5,109	19,772,228	3,801	15,153,861
Departmental.....	274	1,224,004	292	1,280,225	288	1,273,841	346	1,494,126
Total rent.....	4,566	17,556,423	5,130	19,985,842	5,397	21,046,069	4,147	16,647,987
Veterans' affairs:								
Field.....	264	1,265,750	84	396,185	59	282,521	3	18,950
Departmental.....	10	47,197	6	36,460	6	36,460	3	19,325
Total veterans' affairs.....	274	1,312,947	90	432,645	65	318,981	6	38,275
Grand total OHE.....	4,840	18,869,370	5,220	20,418,487	5,462	21,365,050	4,153	16,686,262

EXHIBIT D.—*Summary of offices closed by decontrol actions, Apr. 1 to Dec. 31, 1949*

Type of action	Number of offices	Number of employees	Annual salaries
Agency initiative.....	31	71	\$247, 792
Advisory board recommendation.....	3	30	110, 451
Local option.....	57	243	913, 150
State action.....	30	237	880, 386
Total.....	121	581	2, 151, 779

EXHIBIT E.—*Estimated cost of pay increases—Public Law 429, 81st Cong., effective Oct. 30, 1949*

	1950 (17.5 pay periods)	
	Number	Amount
1. Base pay, permanent and part-time:		
(a) Cost based on employees as of Oct. 30, 1949.....	4, 356	\$407, 400
(b) Cost for change in number of employees, balance of fiscal year 1950.....	—271	—30, 000
(c) Cost of within-grade salary advancements (not more than 2 percent of 1 (a)).....		8, 100
(d) Total, permanent and part-time.....	4, 085	385, 500
2. Temporary employment.....		1, 000
3. Overtime, night differential, etc.....		3, 500
4. Total cost.....		390, 000

EXHIBIT F.—*Actual and estimated obligations fiscal year 1950*

Object class	July 1 to Dec. 31, 1949	Jan. 1 to June 30, 1950	Total fiscal year 1950
01 Personal services.....	\$9, 578, 866	\$8, 117, 386	\$17, 696, 252
Terminal leave.....	720, 667	200, 000	920, 667
02 Travel.....	378, 573	300, 000	678, 573
03 Transportation of things.....	59, 206	60, 000	119, 206
04 Communication services.....	175, 358	150, 000	325, 358
05 Rents and utility services.....	559, 644	375, 000	934, 644
06 Printing and duplicating.....	76, 456	80, 000	156, 456
07 Other contractual services.....	80, 778	150, 000	230, 778
08 Supplies and materials.....	15, 156	15, 000	30, 156
09 Equipment.....	7, 910	0	7, 910
Total.....	11, 652, 614	9, 447, 386	21, 100, 000

EXHIBIT G.—*Comparison of employment, June 30, 1949 with Dec. 31, 1949*

Summary	June 30, 1949		Dec. 31, 1949	
	Number	Salaries ¹	Number	Salaries ¹
Region 1:				
Regional.....	70	\$326, 694	25	\$126, 761
Area.....	309	1, 148, 014	313	1, 209, 120
Total.....	379	1, 474, 708	338	1, 335, 881
Region 2:				
Regional.....	196	846, 388	81	374, 434
Area.....	1, 064	3, 851, 948	1, 130	4, 326, 578
Total.....	1, 260	4, 698, 336	1, 211	4, 701, 012
Region 3:				
Regional.....	101	462, 462	37	191, 620
Area.....	508	1, 947, 287	487	1, 932, 265
Total.....	609	2, 409, 749	524	2, 123, 885

See footnote at end of table, p. 115.

EXHIBIT G.—Comparison of employment, June 30, 1949 with Dec. 31, 1949—Con.

Summary	June 30, 1949		Dec. 31, 1949	
	Number	Salaries ¹	Number	Salaries ¹
Region 4:				
Regional.....	186	\$846,906	41	\$196,192
Area.....	758	2,924,857	380	1,582,623
Total.....	944	3,771,763	421	1,778,815
Region 6:				
Regional.....	148	641,999	69	315,376
Area.....	740	2,678,253	625	2,364,975
Total.....	888	3,320,252	694	2,680,351
Region 8:				
Regional.....	184	842,671	66	309,237
Area.....	539	1,995,031	472	1,855,030
Total.....	723	2,837,702	538	2,164,267
Washington area.....	22	109,621		
Field total.....	4,825	18,622,131	3,726	14,784,211
Departmental.....	298	1,316,685	349	1,513,451
Accountants, national staff, stationed in field.....	97	479,671	78	388,600
Total Office of the Housing Expediter.....	5,220	20,418,487	4,153	16,686,262

¹ Salary increases under Public Law 429, 81st Cong., effective Oct. 30, 1949, averaged \$139 per employee

REGIONAL FUNCTIONS

Region	Type office	Location	June 30, 1949		Dec. 31, 1949	
			Number	Salaries	Number	Salaries
1	Regional.....	Boston, Mass.....	54	\$259,037	13	\$72,386
	Litigation.....	do.....	16	67,657	12	54,375
	Subtotal.....		70	326,694	25	126,761
2	Regional.....	New York, N. Y.....	144	638,398	25	124,349
	Litigation.....	do.....	36	141,247	40	179,165
	do.....	Philadelphia, Pa.....	16	66,743	16	70,920
	Subtotal.....		196	846,388	81	374,434
3	Regional.....	Cleveland, Ohio.....	77	357,467	16	91,230
	Litigation.....	do.....	24	104,995	21	100,390
	Subtotal.....		101	462,462	37	191,620
4	Regional.....	Atlanta, Ga.....	79	365,001	17	87,357
	Litigation.....	do.....	20	86,599	20	94,140
	Regional.....	Dallas, Tex. ¹	87	395,306	4	14,695
	Subtotal.....		186	846,906	41	196,192
6	Regional.....	Chicago, Ill.....	81	356,986	27	127,226
	Litigation.....	do.....	24	100,634	20	87,895
	do.....	St. Louis, Mo.....	10	39,431	22	94,075
	do.....	Dallas, Tex.....	33	144,948		
	Subtotal.....		148	641,999	69	315,376
8	Regional.....	San Francisco, Calif.....	143	666,252	20	102,767
	Litigation.....	do.....	13	56,875	16	72,465
	do.....	Los Angeles, Calif.....	22	92,665	24	106,260
	do.....	Seattle, Wash.....	6	26,879	6	27,745
	Subtotal.....		184	842,671	66	309,237
SUMMARY						
	Regional.....		665	3,038,447	122	620,010
	Litigation.....		220	928,673	197	893,610
	Total.....		885	3,967,120	319	1,513,620

¹ Former regional headquarters, OHE region 5.

EXHIBIT G.—Comparison of employment, June 30, 1949 with Dec. 31, 1949—Con.

AREA AND BRANCH OFFICES

Location	June 30, 1949		Dec. 31, 1949	
	Number	Salaries	Number	Salaries
Alabama:				
Anniston.....	2	\$7, 730	2	\$8, 330
Birmingham.....	18	72, 843	16	68, 215
Decatur.....	1	2, 498	1	2, 650
Dothan.....	2	8, 458		
Florence.....	4	14, 658	3	12, 610
Gadsden.....	2	8, 207	2	8, 490
Huntsville.....	1	4, 856	1	4, 975
Mobile.....	7	23, 985	7	29, 605
Montgomery.....	8	31, 713	7	29, 660
Opelika.....	1	4, 480		
Selma.....	1	4, 856		
Sylacauga.....	2	8, 884		
Tuscaloosa.....	2	7, 354	2	7, 625
Total.....	51	200, 522	41	172, 160
Arizona: Tucson.....	7	27, 119		
Arkansas:				
Blytheville.....	2	7, 956	3	10, 650
El Dorado.....	3	10, 655		
Fayetteville.....	2	7, 454		
Fort Smith.....	5	19, 539	4	15, 050
Hot Springs.....	3	9, 638		
Jonesboro.....	2	7, 455		
Pine Bluff.....	3	12, 636	2	8, 275
Total.....	20	75, 333	9	33, 975
California:				
Bakersfield.....	5	18, 511	4	16, 480
Fresno.....	9	34, 195	9	34, 705
Long Beach.....	21	78, 498	18	68, 295
Los Angeles.....	124	436, 276	136	527, 795
Marysville.....	6	21, 235	4	15, 630
Merced.....	1	2, 724		
Modesto.....	6	21, 612	7	25, 275
Monterey Bay.....	7	27, 847	7	28, 815
Oakland.....	36	137, 988	37	143, 480
Richmond.....	8	29, 845	7	28, 535
Riverside.....	2	6, 476	1	4, 075
Sacramento.....	11	43, 521	13	52, 910
San Bernardino.....	9	32, 167	8	31, 405
San Diego.....	15	53, 824	13	49, 050
San Francisco.....	55	212, 716	56	227, 175
San Jose.....	8	30, 796	11	42, 110
San Luis Obispo.....	3	12, 121	2	6, 775
Santa Ana.....	7	27, 646	5	21, 330
Santa Barbara.....	4	18, 170	4	18, 025
Santa Cruz.....	3	9, 602	3	10, 600
Santa Maria.....	1	3, 978		
Stockton.....	8	29, 817	6	23, 725
Vallejo.....	3	10, 480	3	11, 050
Ventura.....	3	11, 182		
Visalia.....	7	25, 387	6	21, 800
Total.....	362	1, 335, 614	360	1, 409, 040
Colorado:				
Boulder.....	1	2, 574	1	2, 650
Canon City.....	1	2, 574	1	2, 730
Colorado Springs.....	2	8, 458	4	15, 155
Denver.....	28	108, 473	31	120, 620
Fort Collins.....	1	2, 649	1	2, 650
Grand Junction.....	2	7, 204	1	4, 600
Greeley.....	1	2, 724	3	10, 075
Pueblo.....	5	17, 734	5	18, 180
Total.....	41	152, 390	47	176, 660
Connecticut:				
Bridgeport.....	16	55, 186	15	58, 010
Hartford.....	23	89, 762	24	92, 850
New Haven.....	14	52, 246	14	54, 550
New London.....	7	25, 364	6	22, 600
Waterbury.....	7	28, 591	6	27, 215
Total.....	67	251, 149	65	255, 225
Delaware: Wilmington.....	11	40, 961	9	36, 500

EXHIBIT G.—Comparison of employment, June 30, 1949 with Dec. 31, 1949—Con.

AREA AND BRANCH OFFICES—Continued

Location	June 30, 1949		Dec. 31, 1949	
	Number	Salaries	Number	Salaries
Florida:				
Daytona Beach.....	2	\$5,373		
Fort Lauderdale.....	5	20,090		
Fort Pierce.....	2	7,304		
Fort Walton.....	1	4,480		
Gainesville.....	5	19,891	3	\$13,290
Green Cove Springs.....			2	7,750
Jacksonville.....	17	65,492		
Key West.....			2	8,080
Miami.....	27	102,802		
Orlando.....	7	28,397		
Panama City.....	2	7,780	3	13,790
Pensacola.....	5	19,664	5	21,450
St. Petersburg.....	2	5,298		
Tallahassee.....	3	13,263	2	8,000
Tampa.....	8	31,974		
West Palm Beach.....	3	11,758		
Total.....	89	343,566	17	72,360
Georgia:				
Albany.....	4	14,433	3	14,550
Americus.....			1	3,950
Atbens.....			2	7,330
Atlanta.....	24	90,757	23	94,690
Augusta.....	5	20,066	4	17,800
Bainbridge.....	3	13,027		
Columbus.....	5	19,615	5	20,925
Dalton.....	1	2,498		
Dublin.....	1	4,103		
Gainesville.....	1	2,649		
Macon.....	7	26,217	6	25,565
Moultrie.....	2	7,555		
Rome.....	2	7,981	2	7,500
Savannah.....	10	37,915	10	38,695
Total.....	69	262,754	56	231,005
Idaho:				
Idaho Falls.....	1	2,574		
Pocatello.....	1	5,483	2	9,050
Total.....	2	8,057	2	9,050
Illinois:				
Aurora.....	5	19,366	5	20,210
Bloomington.....	2	7,730	3	11,825
Carbondale.....			2	7,500
Centralia.....	2	6,426		
Champaign.....	6	20,720	7	25,705
Chicago.....	182	627,097	191	703,650
Crab Orchard.....	2	7,103		
Decatur.....	3	9,953	4	13,025
Joliet.....	7	25,340	7	26,540
La Salle.....	2	7,329	2	7,615
Peoria.....	14	50,993	10	38,785
Quincy.....	3	11,332	2	7,875
Rock Island.....	8	34,286	8	34,850
Rockford.....	9	31,176	10	36,955
Springfield.....	10	39,797	12	46,430
Waukegan.....	5	19,149	5	20,310
Total.....	260	917,797	268	1,001,275
Indiana:				
Anderson.....	11	38,959	8	32,430
Columbus.....	6	22,740	5	17,510
Evansville.....	10	39,884	11	42,885
Fort Wayne.....	8	30,645	7	29,360
Gary.....	15	51,822	14	53,705
Indianapolis.....	24	99,349	24	103,755
Lafayette.....	6	22,594	3	11,140
La Porte.....	2	7,705		
Richmond.....	2	7,329		
South Bend.....	13	51,277	13	53,385
Terre Haute.....	8	29,789	5	19,230
Vincennes.....	2	7,279		
Total.....	107	409,372	90	363,400

EXHIBIT G.—Comparison of employment, June 30, 1949 with Dec. 31, 1949—Con.

AREA AND BRANCH OFFICES—Continued

Location	June 30, 1949		Dec. 31, 1949	
	Number	Salaries	Number	Salaries
Iowa:				
Ames.....	2	\$6,376	2	\$6,925
Burlington.....	5	19,087	4	16,660
Cedar Rapids.....	5	18,296	4	17,025
Des Moines.....	12	46,259	12	46,515
Dubuque.....	3	11,031	3	11,405
Iowa City.....	1	2,724	1	2,875
Sioux City.....	4	16,589	4	17,100
Waterloo.....	6	20,320	5	17,415
Total.....	38	140,682	35	135,920
Kansas:				
Arkansas City.....	2	6,137		
Chanute.....	3	8,487		
Coffeyville.....	2	6,401		
El Dorado.....	2	6,137		
Garden City.....	1	2,498	2	8,730
Great Bend.....	3	11,745		
Hutchinson.....	4	14,157		
Junction City.....	2	7,833	2	7,025
Manhattan.....	1	2,284		
Parsons.....	2	8,308		
Pittsburg.....	3	13,664		
Pratt.....	1	2,574	2	6,600
Salina.....	4	16,563	3	13,225
Topeka.....	6	22,914		
Wichita.....	10	37,299	11	42,210
Total.....	38	167,001	20	77,790
Kentucky:				
Bowling Green.....	1	2,799		
Hopkinsville.....	1	3,476	3	12,875
Lexington.....	10	40,857	5	21,450
Louisville.....	22	86,343	25	99,510
Paducah.....	2	6,526	2	6,875
Total.....	36	140,001	35	140,710
Louisiana:				
Baton Rouge.....	6	22,890	6	22,550
Hammond.....	1	2,498		
Lafayette.....	2	6,225		
Lake Charles.....	3	12,286	3	12,975
Monroe.....	2	7,479	3	10,205
New Iberia.....	1	2,574		
New Orleans.....	25	96,772	30	114,985
Shreveport.....	8	31,613	7	27,775
Total.....	48	182,337	49	188,490
Maine:				
Bangor.....	3	10,454		
Bath.....	4	16,665		
Portland.....	15	56,604	13	49,935
Presque Isle.....	2	7,228		
Total.....	24	90,951	13	49,935
Maryland:				
Baltimore.....		169,706	49	183,080
Cumberland.....		2,574	1	2,730
Hagerstown.....		6,978	2	7,225
Silver Spring.....		12,852	1	3,100
Total.....	55	192,110	53	196,135
Massachusetts:				
Boston.....	55	198,692	68	257,240
Cambridge.....	37	135,299	39	150,775
Fall River.....	4	14,608	3	10,515
Lowell.....	5	16,404	5	17,185
Lynn.....	19	73,145	20	81,110
New Bedford.....	4	14,960	4	15,660
Pittsfield.....	4	15,761	5	20,780
Springfield.....	13	49,347	16	59,210
Taunton.....	11	44,461	11	45,230
Worcester.....	15	55,117	19	72,170
Total.....	167	617,794	190	729,875

EXHIBIT G.—Comparison of employment, June 30, 1949 with Dec. 31, 1949—Con.

AREA AND BRANCH OFFICES—Continued

Location	June 30, 1949		Dec. 31, 1949	
	Number	Salaries	Number	Salaries
Michigan:				
Ann Arbor.....	3	\$12,511		
Battle Creek.....	2	7,329	3	\$10,475
Detroit.....	73	275,469	80	310,450
Grand Rapids.....	8	32,327	7	31,285
Iron Mountain.....	2	7,204		
Jackson.....	2	7,204		
Kalamazoo.....	3	11,684		
Lansing.....	9	35,476	9	37,555
Muskegon.....	3	12,260	4	15,560
Pontiac.....	2	7,479	2	7,840
Saginaw.....	5	17,607	6	24,845
Total.....	112	426,550	111	438,010
Minnesota:				
Brainerd.....	1	2,498		
Duluth.....	10	39,630	10	41,205
Minneapolis.....	33	121,124	36	140,065
Rochester.....	6	23,243	6	24,310
St. Cloud.....	1	2,498		
St. Paul.....	15	56,309	18	68,725
Virginia.....	2	7,354		
Total.....	76	252,656	70	274,305
Mississippi:				
Biloxi.....			2	7,550
Columbus.....	1	4,354		
Grenada.....	1	2,574		
Greenville.....	1	2,799		
Greenwood.....	4	15,110	2	8,160
Gulfport.....	4	15,285		
Jackson.....	8	34,088	7	32,835
Meridian.....	3	12,561		
McComb.....	2	7,605	3	11,780
Natchez.....	2	6,476		
Vicksburg.....	2	7,129		
Total.....	28	107,981	14	60,325
Missouri:				
Cape Girardeau.....	2	7,806	2	7,225
Chillicothe.....	3	11,032	2	6,555
Columbia.....	2	7,080	2	7,175
Jefferson City.....	2	7,204	4	14,825
Joplin.....	5	20,483	6	24,470
Kansas City.....	46	171,224	54	207,715
Kirksville.....	2	6,376	2	6,600
Leavenworth.....	1	2,498		
Monett.....	1	2,423		
Rolla.....	1	2,574		
Sedalia.....	2	6,978		
Springfield.....	5	16,993	6	22,565
St. Joseph.....	5	18,211	5	18,755
St. Louis.....	63	223,881	67	246,655
Total.....	140	504,763	150	562,540
Montana:				
Billings.....	4	14,720	4	15,245
Bozeman.....	1	2,498		
Great Falls.....	4	14,233	4	15,095
Helena.....	1	2,950		
Kalispell.....	1	2,574		
Livingston.....	1	2,574		
Miles City.....	1	2,498	1	2,730
Missoula.....	2	7,179	1	2,810
Total.....	15	49,226	10	35,880
Nebraska:				
Hastings.....	4	16,389		
Omaha.....	19	72,993		
Lincoln.....	4	16,338		
Total.....	27	105,720	(2)	(2)

² Entire State decontrolled.

EXHIBIT G.—Comparison of employment, June 30, 1949 with Dec. 31, 1949—Con.

AREA AND BRANCH OFFICES—Continued

Location	June 30, 1949		Dec. 31, 1949	
	Number	Salaries	Number	Salaries
Nevada:				
Las Vegas.....	4	\$16,539	3	\$11,425
Reno.....	4	16,539	5	21,925
Total.....	8	33,078	8	33,350
New Hampshire: Manchester.....	14	52,861	8	32,665
New Jersey:				
Atlantic City.....			2	6,230
Camden.....	22	75,410	20	77,805
Newark.....	84	297,622	90	340,254
Trenton.....	8	27,223	8	28,620
Total.....	114	400,255	120	452,909
New Mexico:				
Alamogordo.....	1	2,350		
Albuquerque.....	4	27,721	8	31,550
Carlsbad.....	1	2,574		
Clovis.....	1	2,574		
Hobbs.....	1	2,574		
Las Cruces.....	1	2,574		
Roswell.....	6	21,159	2	7,500
Sante Fe.....	1	2,574	1	2,650
Tucumcari.....	1	2,284		
Total.....	17	66,384	11	41,700
New York:				
Albany.....	23	88,323	20	83,390
Binghamton.....	9	35,942	12	49,225
Brooklyn.....	150	519,254	152	563,117
Bronx.....	117	418,744	119	454,387
Buffalo.....	39	145,757	32	126,480
Elmira.....	2	5,373	5	17,795
Jamestown.....	3	12,285	3	12,905
Manhattan (Lower).....	126	493,927	130	504,023
Manhattan (Upper).....	50	182,561	74	57,440
Poughkeepsie.....	18	64,925	15	291,202
Queens.....	68	244,009	74	287,095
Rochester.....	17	62,358	17	65,560
Schenectady.....			2	8,025
Staten Island.....			5	17,535
Syracuse.....	22	77,523	18	68,550
Utica.....	9	34,571	7	25,880
Watertown.....	5	19,113	6	22,610
White Plains.....	25	93,396	22	81,115
Total.....	683	2,498,061	713	2,736,334
North Carolina:				
Asheville.....	6	23,844		
Burlington.....	1	2,649	1	2,650
Chapel Hill.....	1	2,574		
Charlotte.....	8	32,000	9	37,850
Durham.....	5	20,091	6	23,820
Elizabeth City.....	1	3,853		
Fayetteville.....	5	18,261	3	11,985
Gastonia.....	1	3,727		
Goldsboro.....	7	29,754	7	30,855
Greensboro.....	5	20,367	5	21,250
Hickory.....	1	2,649		
High Point.....	1	4,856		
New Bern.....	2	6,978	2	7,225
Raleigh.....	5	20,367	6	24,130
Rocky Mount.....	2	7,103		
Salisbury.....	3	13,263	3	13,905
Wilmington.....	3	11,132	2	8,875
Winston-Salem.....	5	19,640	4	15,145
Total.....	62	243,108	48	197,690
North Dakota: Fargo.....	6	25,248	6	25,165

EXHIBIT G.—Comparison of employment, June 30, 1949 with Dec. 31, 1949—Con
AREA AND BRANCH OFFICES—Continued

Location	June 30, 1949		Dec. 31, 1949	
	Number	Salaries	Number	Salaries
Ohio:				
Akron.....	18	\$68,108	15	\$57,260
Ashtabula.....	2	8,106		
Canton.....	10	38,126	11	44,545
Chillicothe.....	2	7,479		
Cincinnati.....	37	140,126	45	167,880
Cleveland.....	53	199,692	55	219,050
Columbus.....	28	117,897	29	127,930
Dayton.....	17	68,006	20	82,955
Lima.....	2	7,329		
Lorain.....	3	10,178	2	8,225
Mansfield.....	5	18,560	4	15,100
Marion.....	1	2,799		
Portsmouth.....	2	7,329	2	7,725
Sandusky.....	2	7,329		
Springfield.....	2	8,031	1	2,875
Steubenville.....	2	7,730	2	8,000
Toledo.....	17	63,715	20	78,000
Youngstown.....	10	36,121	11	42,100
Zanesville.....	2	7,103		
Total.....	215	823,764	217	861,645
Oklahoma:				
Ada.....	2	7,129		
Ardmore.....	2	7,228	3	10,250
Bartlesville.....	1	2,799	1	2,970
Chickasha.....	1	2,649		
Duncan.....	1	2,649		
Enid.....	2	6,577		
Lawton.....	5	16,905		
McAlester.....	2	6,677		
Muskogee.....	2	6,902		
Norman.....	1	2,975		
Oklahoma City.....	18	68,690		
Oklmulgee.....	2	6,502		
Ponca City.....	2	7,179		
Shawnee.....	2	7,479		
Stillwater.....	2	7,179		
Tulsa.....	18	65,010	16	62,820
Total.....	63	224,529	20	76,040
Oregon:				
Astoria.....	1	3,226		
Corvallis.....	1	5,232		
Eugene.....	3	9,526		
Klamath Falls.....	1	2,975		
Longview.....	1	3,100		
Medford.....	2	7,174		
Pendleton.....	2	7,404		
Portland.....	22	79,344	21	83,025
Roseburg.....	1	2,975		
Salem.....	2	5,974		
Total.....	36	126,930	21	83,025
Pennsylvania:				
Bethlehem.....	15	51,913	14	51,785
Eric.....	16	59,627	15	60,305
Harrisburg.....	14	54,440	15	60,385
Johnstown.....	10	38,026	13	51,060
Lancaster.....	11	38,695	8	34,900
Philadelphia.....	56	204,857	68	257,500
Pittsburgh.....	45	151,448	60	233,240
Reading.....			4	15,605
Seranton.....	24	84,886	25	93,960
Williamsport.....	10	36,669	12	43,310
York.....			1	2,650
Total.....	201	720,561	235	904,700
Rhode Island:				
Newport.....	3	10,956	3	11,350
Providence.....	23	85,186	27	97,540
Total.....	26	96,142	30	108,890

EXHIBIT G.—*Comparison of employment, June 30, 1949 with Dec. 31, 1949—Con.*

AREA AND BRANCH OFFICE—Continued

Location	June 30, 1949		Dec. 31, 1949	
	Number	Salaries	Number	Salaries
South Carolina:				
Charleston.....	6	\$25,765	6	\$26,930
Columbia.....	8	31,899		
Florence.....	2	6,652		
Greenville.....	3	13,845		
Spartanburg.....	2	7,028	2	9,300
Sumter.....			1	4,575
Total.....	21	85,189	9	40,805
South Dakota:				
Aberdeen.....	2	7,254	4	2,875
Rapid City.....	3	12,536	2	8,330
Sioux Falls.....	6	23,718	4	16,400
Total.....	11	43,508	7	27,605
Tennessee:				
Bristol.....	5	20,015		
Chattanooga.....	14	54,088		
Clarksville.....	3	11,708	1	4,575
Columbia.....	1	2,649		
Jackson.....	4	14,708		
Knoxville.....	13	49,810		
Memphis.....	17	69,159	15	62,960
Nashville.....	13	55,684	13	55,095
Total.....	70	278,181	29	122,630
Texas:				
Austin.....	6	21,560		
Beaumont.....	7	24,513		
Big Spring.....	2	7,991		
Bryan.....	3	11,583		
Corpus Christi.....	5	19,915		
Corsicana.....	2	7,730		
Dallas.....	15	51,181		
El Paso.....	8	30,438		
Forth Worth.....	16	60,703		
Galveston.....	4	15,636		
Greenville.....	3	9,099		
Houston.....	21	73,853		
Laredo.....	3	10,956		
Longview.....	5	19,918		
Lubbock.....	5	19,162		
McKinney.....	1	2,724		
Midland.....	1	3,175		
Odessa.....	1	4,229		
Palestine.....	1	2,574		
Pampa.....	3	12,461		
San Antonio.....	18	69,369		
Sherman.....	5	19,300		
Temple.....	1	3,727		
Terrell.....	2	7,054		
Victoria.....	3	11,833		
Waco.....	6	24,193		
Waxahachie.....	1	2,799		
Wichita Falls.....	4	14,432		
Total.....	154	570,566	(2)	(2)
Utah:				
Logan.....	1	2,574		
Ogden.....	4	14,784		
Price.....	2	6,627		
Provo.....	2	7,806		
Salt Lake City.....	9	34,764		
Total.....	18	66,555	(2)	(2)
Vermont: Burlington.....	11	39,117	7	32,530
Virginia:				
Arlington.....	8	34,273	9	40,330
Charlottesville.....	2	7,956	3	12,075
Clifton Forge.....	1	2,498		
Danville.....	4	14,081	4	14,100
Fredericksburg.....	1	2,649	1	3,100

* Entire State decontrolled.

EXHIBIT G.—Comparison of employment, June 30, 1949 with Dec. 31, 1949—Con.

AREA AND BRANCH OFFICES—Continued

Location	June 30, 1949		Dec. 31, 1949	
	Number	Salaries	Number	Salaries
Virginia—Continued				
Harrisonburg.....	1	\$2, 649		
Newport News.....	3	13, 388	3	\$13, 775
Norfolk.....	14	57, 607	15	64, 650
Petersburg.....	3	13, 639	3	10, 850
Lexington.....	1	4, 605		
Lynchburg.....	2	8, 057	4	15, 910
Richmond.....	11	44, 543	12	52, 850
Roanoke.....	7	29, 354	9	38, 680
Staunton.....	3	11, 734	3	12, 315
Williamsburg.....	1	5, 107		
Winchester.....	2	7, 354	1	2, 650
Total.....	64	259, 494	67	281, 285
Washington:				
Bellingham.....	1	2, 874	2	7, 690
Everett.....	1	2, 574	1	2, 730
Mount Vernon.....	1	2, 874	1	3, 035
Olympia.....	3	9, 802		
Pasco.....	1	3, 025	1	3, 195
Port Angeles.....	1	2, 724		
Pullman.....	1	2, 724		
Seattle.....	29	103, 447	37	145, 180
Spokane.....	10	38, 691		
Tacoma.....	7	22, 931	7	25, 144
Walla Walla.....	3	11, 684	5	19, 980
Wenatchee.....	1	2, 724		
Yakima.....	6	24, 144		
Total.....	65	230, 218	54	206, 954
West Virginia:				
Beckley.....	2	6, 577	2	6, 950
Bluefield.....	5	20, 380	6	23, 675
Charleston.....	8	26, 832	11	39, 445
Clarksburg.....	3	10, 630	2	8, 225
Huntington.....	9	32, 643	10	37, 830
Martinsburg.....	1	4, 480		
Morgantown.....	6	25, 447	4	15, 310
Parkersburg.....	2	7, 329		
Welch.....	2	7, 239		
Wheeling.....	16	61, 341	16	63, 645
Total.....	54	202, 898	51	195, 080
Wisconsin:				
Beloit.....	2	7, 404		
Eau Claire.....	3	10, 580		
Green Bay.....	10	38, 816		
Kenosha.....	2	7, 430		
LaCrosse.....	6	24, 220		
Madison.....	9	35, 225		
Milwaukee.....	41	139, 188		
Oshkosh.....	2	8, 332		
Racine.....	2	6, 978		
Sheboygan.....	1	2, 975		
Wausau.....	1	2, 975		
Total.....	79	284, 123	(²)	(²)
Wyoming:				
Casper.....	4	14, 533	2	8, 530
Cheyenne.....	3	12, 787	4	15, 940
Laramie.....	1	2, 574	1	2, 730
Sheridan.....	1	2, 649	1	2, 810
Total.....	9	32, 543	8	30, 010
Alaska:				
Anchorage.....	3	14, 134	1	5, 750
Fairbanks.....	2	11, 983	2	9, 937
Juneau.....	4	25, 733	3	20, 344
Total.....	9	51, 850	6	36, 031
Puerto Rico: San Juan.....	18	87, 821	18	92, 983
Grand total.....	3, 918	14, 545, 390	3, 407	13, 270, 591

² Entire State decontrolled.

GENERAL STATEMENT

Chairman McKELLAR. Very well, Mr. Woods, you may proceed.
Mr. Woods. Thank you.

AMOUNT REQUESTED

Mr. Chairman, and members of the committee: I appreciate the privilege of appearing before this committee to explain the supplemental estimate of \$3,600,000 required to complete the financing of the Office of the Housing Expediter through June 30, 1950.

The Housing and Rent Act of 1949, approved March 30, 1949, strengthened rent control and imposed on the Housing Expediter the responsibility for a number of additional functions, among the most important of which were the control evictions, increased rights of appeal, and the designation of employees to assist small landlords and tenants.

REQUEST FOR ADDITIONAL EMPLOYEES TO COMPLY WITH EXISTING STATUTES

Appropriations for operations under the Housing and Rent Act of 1949 were at an annual rate of approximately \$21,829,000. It was estimated that a little over 1,500 additional employees would be required to carry out the provisions of the Housing and Rent Act of 1949.

The bulk of these additional employees were needed to provide assistance to small landlords and tenants and to control evictions—about 500 for the first function and 800 for the second.

BACKGROUND OF APPROPRIATIONS

Two appropriations were made available for the first 3 months of operation of the 1949 act. The combined appropriations were at an annual rate of \$23,400,000. The first appropriation was a stopgap fund under the First Deficiency Appropriation Act, 1949, the amount of which was determined prior to the passage of the Housing and Rent Act of 1949.

The second part was made available by the Second Deficiency Appropriation Act, 1949, which was not approved until June 23, 1949.

At the beginning of the fiscal year 1950, no appropriation had been made for the administration of the Housing and Rent Act of 1949. We continued to assume our new duties under the 1949 act and to add the necessary personnel as quickly as possible.

By August 24, when the Independent Offices Appropriation Act, 1950, was passed, we were operating at an annual expenditure rate of about \$25,237,500. The appropriation of \$17,500,000 in that act represented a cut of approximately 35 percent from the \$26,750,000 recommended by the President.

Moreover, it was considerably less than the annual rate of appropriation of \$23,400,000 for the period from April through June 1949, the first 3 months of operation under the 1949 act.

It was even less than the annual rate of appropriation of \$21,829,000 for operations under the 1948 act, when the work load was substantially lighter.

ANNUAL RATE OF EXPENDITURES MISCALCULATED BECAUSE OF
APPROPRIATION CUT

Since we had already spent or obligated \$6,323,000 for the first quarter of the fiscal year, 1950, only a little over \$11,000,000 was actually available on the 1st of October 1949.

As you know, the law provides that on or before the beginning of the fiscal year amounts appropriated shall be so apportioned by monthly or other allotments as to prevent expenditures in one portion of a year which may necessitate deficiencies or additional appropriations to complete the operations during the fiscal year.

This provision meant that the remainder of the fiscal year would have to bear more than its proportionate share of the cut in expenditures since nothing could be done that would result in any substantial savings in the \$6,323,000 already spent or obligated for the first quarter of the year.

The appropriation thus provided for an annual rate of expenditure of less than \$15,000,000 for the remainder of the fiscal year 1950.

We were immediately faced with a very serious financial problem in carrying out the additional functions and duties imposed by law.

Statements were made on the floor of the Senate to the effect that in reducing the appropriations there was no intention of hampering the effective administration of rent control.

DISCUSSION OF ACQUIESCENCE OF CONGRESS FOR SUBMISSION OF
DEFICIENCY REQUEST

Senator O'Mahoney made the following statement on August 19, 1949:

It is understood, however, by the conferees on the part of the House and the conferees on the part of the Senate that if the Housing Expediter were unable to make a sufficient reduction of personnel and of expenditures, in other words, if the demand for rent control in the United States continued, it would be without objection upon the part of the committee if he should submit later a request for a deficiency appropriation. The committee on conference felt that in January, for example, it would be much clearer whether or not the appropriation could be cut.

There never was any intention of the part of the conferees of the Senate or upon the part of the conferees of the House that by the denial of funds the operation of the law should be prevented.

In order to confirm that understanding, I yesterday and again today conferred with the gentleman from Texas, the Honorable Albert Thomas, chairman of the conferees on the part of the House, and he confirmed the impression I have just related to the Senate. That was the feeling of the House conferees.

There was one possible alleviating factor in the situation and that was the savings to be obtained as a result of decontrol. Although the amount of such savings could not be determined accurately, since it depended in part upon changes in the housing situation in the future and in part upon the decisions of governing bodies of cities, towns, and villages, and State legislatures, it was extremely unlikely that these savings would be large enough to offset the reduction in our appropriation.

It was, therefore, clear that we would have to take drastic and rigid economy measures in order to carry out the additional functions and duties imposed by the 1949 act.

Mr. Chairman and members of the committee—

Senator FERGUSON. The House always makes a report from the Congress, does it not?

Mr. Woods. I do not know, Senator, and I am not familiar enough with the procedure.

Senator FERGUSON. They do, as a matter of fact.

Do you know whether or not they put in that report this so-called understanding with you?

Mr. Woods. That, I do not know.

Mr. DUPREE. The actual figure is not even in the report, Senator.

Senator FERGUSON. Was it a fact that they were to come back for more money?

Mr. DUPREE. I think not.

Mr. Woods. You see, there was no time for hearing.

Senator FERGUSON. I do not understand that Congress would give private information to the Administrator of the agency telling him what they would do in the future when the Congress itself does not get the same kind of fact. I cannot understand how an agency could get an understanding that they were not to cut their expenses within the amount given to them, but get an understanding with Congress that they could come back and get the money and spend right along as if they had gotten the whole appropriation and then come back like you are coming back now and ask for more money.

I do not understand that kind of thing.

Senator MAYBANK. Would the Senator mind my saying something?

Senator FERGUSON. I would like to have an explanation for it on the record.

Senator MAYBANK. I do not know anything except this: I talked to Senator O'Mahoney about it.

Senator FERGUSON. I happen to be on Independent Offices and I happen to be the ranking minority member. I have never heard of this thing.

Senator MAYBANK. I was going to lead up to this: It was our thought on the committee as I remember it, and if I am wrong you can correct me, that this rent control had been extended until June with State and city provisions that they could decontrol. Nobody knew how much they were going to do it.

The House goes through and puts in that they have to have additional people in all of the areas of the United States to look after the landlords and tenants.

REDUCTION IN EXPENDITURES ANTICIPATED UNDER RENT DECONTROL PROVISION

Frankly, I am not here to defend the Housing Expediter or anything of that kind. He does not need me to defend him. The situation was such that when we passed this appropriation nobody knew whether the States and cities would take advantage of that provision, and in many instances they did.

It did cut his expense materially and caused some decontrol.

Senator FERGUSON. But he comes back here and says he had an understanding with the Congress and I happen to be the ranking minority member of the Independent Offices Subcommittee.

Mr. Woods. Senator, this statement was not made to me; it was made on the floor of the Senate.

Senator MAYBANK. Senator O'Mahoney made the statement.

Mr. Woods. It was on the floor of the Senate; it was not made to us.

Senator FERGUSON. That is what I was trying to get at. I thought you said you went back to check with these men today.

Mr. WOODS. No, I was quoting from Senator O'Mahoney's statement made on the floor August 19, 1949. That was the quotation I was reading.

Senator GURNEY. That was after or before the conference report was adopted?

Senator MAYBANK. That was before.

Senator GURNEY. Or was it in connection with the presentation of the conference report by Senator O'Mahoney?

Mr. WOODS. I think it was in connection with the presentation. It was before the conference report was agreed upon.

Senator FERGUSON. Is this the amount of money you asked for before?

Mr. WOODS. No.

SUMMARY OF APPROPRIATION REDUCTIONS COMPARED TO DEFICIENCY REQUEST

Senator FERGUSON. How much did you ask for before last year?

Mr. WOODS. We asked for \$26,750,000.

The Senate Appropriations Committee cut that by about 10 percent.

Mr. MADIGAN. The Bridges amendment on the floor of the Senate was adopted reducing it a further 10 percent.

Mr. WOODS. So that when it went to conference it was approximately twenty-one-million-six-hundred-and-sixty-seven-thousand-dollars-odd.

Senator MAYBANK. \$21,000,000 did you say?

Mr. WOODS. \$21,667,500.

Senator MAYBANK. It was cut from \$26,000,000 to \$21,000,000.

Senator FERGUSON. And you want three and a half more?

Mr. WOODS. Then it was cut further to \$17,500,000 on the House side in conference.

Senator FERGUSON. Now, you want 3½ million more?

Mr. WOODS. Yes, sir; three six.

Senator FERGUSON. \$3,600,000.

Mr. WOODS. Yes, sir.

Senator GURNEY. If you get it you will have had a total of twenty-million-some-odd-thousand dollars?

Mr. WOODS. Yes.

Senator GURNEY. You asked for \$21,000,000?

Senator MAYBANK. As against \$26,000,000?

Chairman McKELLAR. You asked for \$26,000,000, and you got \$21,000,000?

Mr. WOODS. We asked for \$26,750,000 and we got \$17,500,000. We are asking for an additional \$3,600,000.

Chairman McKELLAR. That will make it \$21,000,000?

REDUCTION OF EMPLOYEES UNDER RENT DECONTROL

Senator FERGUSON. Are you anticipating on this now that you will gradually reduce the amount or is this to run you full force up until the end of the term?

Mr. WOODS. This is to run us full force taking into consideration that we probably would be able to reduce through decontrol actions about 250 employees from now until June 30.

Senator GURNEY. Will that take care of the terminal leave requirements in case you close up July 1?

Mr. Woods. No, sir.

Mr. MADIGAN. There is no liquidation in this figure.

Senator FERGUSON. There is a reduction of 250 employees anticipated.

Mr. Woods. This \$3,600,000 contemplates that with the present work load going on to June 30 we will have a reduction of about 250 employees because of the various kinds of decontrol actions.

Senator MAYBANK. How many have you cut so far?

Mr. Woods. About 1,300.

Senator MAYBANK. You have already cut off 1,300.

The facts are that nobody knew around here in August or September what effect the law that was passed was going to have. Any State and any city has got a right to go out under the law. How many have gone out?

Mr. Woods. I have that later in my statement, Senator. About 703 decontrol actions have taken place.

Senator MAYBANK. By the people themselves?

Mr. Woods. No, by all different types. There are four different types of decontrol actions.

Senator MAYBANK. 1,300 employees have been cut out?

Mr. Woods. Not all of them by decontrol. One group went out by decontrol and one group by consolidation of offices and one group by practically the elimination of regional offices. In that way we were able to reduce about 1,300 people.

Senator MAYBANK. And you can reduce 250 more?

Mr. Woods. Yes, sir.

Senator MAYBANK. And that would mean 1,550.

Senator GURNEY. Out of a total of how many?

Mr. Woods. From 5,462.

AMOUNT FOR TERMINAL LEAVE PAY

Senator CORDON. Did you say that terminal leave is not provided for in this?

Mr. Woods. No, sir.

Senator CORDON. On page 1 of your justification where you justify by objects, terminal leave is the second one listed. You set up \$820,667 in a regular appropriation and you would have \$100,000 out of this supplemental if you get it, setting up \$920,667. Certainly that is included in this.

Mr. MADIGAN. That, Senator, is only the terminal leave involved where we have reduced these one-thousand-three-hundred-odd employees and they had terminal leave. But I understood your question to be as to whether or not there was anything included for terminal leave come June 30 for the remaining approximately 4,000.

Senator CORDON. I assumed that that is what this was for.

Mr. MADIGAN. No, sir.

Senator CORDON. You have \$1,000,000 for these people to quit?

Mr. MADIGAN. Yes, sir. That is only for those that have gone out and those estimated to go prior to June 30 next.

Senator FERGUSON. Certainly something ought to be done in relation to this terminal-leave proposition.

Mr. MADIGAN. I agree with you, Senator.

Senator CORDON. Is it in the statute that a man gets the terminal leave?

Mr. MADIGAN. Yes sir; since the 1936 Leave Act which has been amended since then, with annual leave being a right rather than a privilege as it was before that, it is something that is due them.

EXCLUSION OF TERMINAL LEAVE PAYMENTS ON TRANSFER TO
GOVERNMENT AGENCY

Senator CORDON. Suppose he takes another Government job?

Mr. MADIGAN. The leave is transferred to the other agency.

Senator CORDELL. Does he get terminal leave?

Mr. MADIGAN. No, sir; the other agency picks up his leave credit. That is transferred to the other agency but insofar as the United States is concerned, the obligation still prevails.

Mr. WOODS. But the agency he transfers from does not have to pay it.

Senator FERGUSON. What percentage does he get? Suppose a man worked for a year?

Mr. MADIGAN. It is the accumulation, Senator, of the unused leave at 26 days a year and that is accumulated. It was for 60 days but during the war it was upped to 90 days. Then it was changed again but there are still many who happened to have on a certain date in 1947 as much as 90 days' leave to their credit.

Senator FERGUSON. This is giving the man the opportunity not to take his leave so that he gets it as an added incentive.

Mr. MADIGAN. I think that in the temporary agencies it probably is a dominant factor. It is a sort of a cushion between the present job and the time before they get another one.

Senator FERGUSON. Do you set up your personnel so that they normally would take their leave?

Mr. MADIGAN. That is right.

Senator FERGUSON. And then if they do not take their leave they get it at the end?

Mr. MADIGAN. That is right.

Senator FERGUSON. And the cost to the Government is just \$1,000,000 more?

Mr. MADIGAN. That is correct. And of course, this represents only the amount for those who have already gone.

Mr. WOODS. Most of these people of ours, Senator, that have piled up large amounts of leave, piled it up during the war when we discouraged them from actually taking leave and they have carried it along.

I think generally most of the agencies now are taking leave, which is the right thing. They should take a certain amount of vacation.

Senator CORDON. Mr. Woods, in fairness to the people who work for the Government, who stayed on Government pay rolls during the war when many of them could have left and gone to two or three times the salaries that they were making, is it not fair to say that most of them cut down on annual leave, which is their regular vacation period, and for which they could get pay and they stayed on Government pay rolls for that time not to accumulate annual leave but for the same patriotic reason that other people were serving their Government?

Mr. WOODS. Yes, sir; I think that is true.

Senator CORDON. I think that is generally true.

Mr. MADIGAN. This carries on, this leave being accumulated, they are entitled to be paid for it if they do not take it.

Senator FERGUSON. Do you have any figures as to how much is for leave this year that was not taken?

Mr. MADIGAN. That was not taken, sir? We could give that to you for the record.

Senator FERGUSON. We want it for the record.

I would like it for last year and this year, the two fiscal years.

TOTAL AMOUNT OF TERMINAL LEAVE CREDITS ACCUMULATED

Mr. MADIGAN. It happens that, in carrying over as we have to January 1, we recently computed the value of the leave which is on the books and that ran about \$2,800,000, as I recall it.

Senator FERGUSON. What you are doing now, not what they did back in the war.

Mr. MADIGAN. That is a current proceeding. That is the leave to the credit of those on the pay roll.

Senator FERGUSON. How much is that?

Mr. COMFORT. As of January 1, the value of the leave to the credit of all employees at that time was \$2,815,019.22.

Senator FERGUSON. How much of that \$2,000,000 is for this year now?

Mr. MADIGAN. That is an obligation right now, Senator, as of January.

Senator FERGUSON. Was that accumulated this year?

Mr. MADIGAN. That is accumulated over the years. It might be 5 years.

Senator FERGUSON. What is it for last year and what is it for this year? Can you give me the allowance?

Mr. MADIGAN. We could ascertain it but it would be quite a chore to compute each one.

Mr. DUPREE. Does the Senator want the additional leave built up last year?

Senator FERGUSON. Yes.

Mr. DUPREE. The additional leave built up in dollars for last year over and above the amount we were obligated the year before.

(The following information was supplied:)

As indicated above, it would be necessary to check each of the more than 4,000 individual records to furnish the information requested and the interval available in handling the transcript does not permit such action. However, as the leave information is maintained on a calendar-year basis it is possible to furnish the following summary:

	Number of employees	Hours of accrued annual leave	Value of leave ¹	Average leave balance per employee (hours)
Jan. 1, 1949.....	4,819	1,640,521	\$3,160,136	340.4
Accrual—Based on average employment for year.....	4,824	1,003,392	1,916,479	-----
Subtotal.....		2,643,913	5,076,615	-----
Less leave taken, or paid as terminal leave during year.....		1,263,705	2,208,583	-----
Jan. 1, 1950.....	4,153	1,380,208	2,868,082	332.3

¹ Value of leave for comparison purposes is shown at current salary rates. Actual leave value at Jan. 1, 1949, was \$3,050,234.

In view of the fact that a large number of employees had the maximum amount of leave which could be carried over on January 1, 1949, considerably more leave was taken in the calendar year 1949 than in some earlier years as otherwise the annual leave not taken would be lost, since no further amount could be added to the maximum carried over on January 1, 1949.

Senator CORDON. What is your experience, whoever is in charge of personnel in the agency, as to whether or not your regular employees are taking their annual vacation leave year by year?

Mr. MADIGAN. I think in our agency there has been a definite trend to take the minimum amount of leave because of the uncertainty of employment. That is, with an agency that goes on for 8 or 9 months or 15 months as in the present instance, they take short vacations.

Senator CORDON. But consciously they are endeavoring to hold that cushion against the event that they might find themselves out of a job?

Mr. MADIGAN. That is right, sir.

Senator CORDON. Would you say that 80 percent of your employees do not take the annual leave which accrues to them during the year?

Mr. MADIGAN. I would not say it would be that high; but I would hazard a guess that more than half of the people do not take what would be the normal vacation; that is, which they would take if in Interior, Agriculture, Commerce, or one of the continuing establishments, because of having that in mind.

Senator FERGUSON. Who determines whether a man or a woman takes leave?

ANNUAL LEAVE A MATTER OF RIGHT, NOT PRIVILEGE

Mr. MADIGAN. Well, it is left very largely to the employees, as to their asking for it. Sometimes they ask for it, and it is not administratively feasible to let them go at a particular time. The organization has a measure of control over it; and yet, on the other hand, since it is a right, and not a privilege as it was prior to 1936, the employees can pretty much insist on taking leave.

Senator FERGUSON. Or not taking it, as the case may be?

Mr. MADIGAN. Or not taking it. Of course, we do undertake to advise people to take periods of leave, when we think that they are staying on the job too consistently, because all of us know that a break is beneficial to the individual as well as to the service.

Chairman McKELLAR. Are there further questions?

Mr. Woods. May I proceed, Mr. Chairman?

Chairman McKELLAR. Yes.

ECONOMIES AND SAVINGS ACHIEVED

Mr. Woods. I should like to summarize the economies and savings which we achieved. First, we completely abolished one of our seven regional offices and materially reduced the staff in the remaining six offices. This resulted in an over-all reduction of 548 employees with annual salaries of \$2,449,715. However, certain functions formerly carried on in the regional offices had to be assumed by the national office and by area offices, with some increase in personnel, primarily in the lower grades but without additional supervisory employees. The net reduction amounted to 468 employees with annual salaries

of \$2,129,874. This figure is based upon the salaries then prevailing. The savings at current salary rates would, of course, be greater.

CONSOLIDATIONS AND ELIMINATIONS OF AREA OFFICES

Second, we made a complete survey of our area and branch offices. In every area remaining under rent control we had the obligation of providing service for both landlords and tenants. We examined our operations in detail, however, to determine the rock-bottom minimum to which our service could be reduced. As a result of this study, considerable consolidation and elimination of offices took place. In some cases two area offices were consolidated, eliminating one office; in other cases an area office was changed to a branch office and, with substantially reduced personnel, was placed under the supervision of another area office. In many areas, branch offices were closed and service rendered on a circuit-rider basis by establishing rent stations open to the public only on certain specified days of the week. In many offices where consolidation and the other similar changes which I have described could not be made, we ordered reductions in personnel. As a result of these economies there was an over-all reduction of 467 employees with annual salaries of \$1,626,390. However, this reorganization has meant less adequate service to landlords and tenants, and has resulted in complaints from many areas.

Senator GURNEY. May I interrupt?

Mr. Woods. Yes, Senator.

AREAS TOTALLY DECONTROLLED UNDER RENT ACT

Senator GURNEY. I notice in Nebraska and Utah and Wisconsin and Texas they have decontrolled entirely. That is in that information you furnished in the justification.

Mr. Woods. Yes, sir.

Senator GURNEY. And one State, Alabama, will decontrol May 25, under State law.

Mr. Woods. Yes.

Senator GURNEY. Are there any other States to add to those five?

Mr. Woods. No, sir. There is an action pending in Virginia before the State Senate today, actually. There were actions in that connection a couple of weeks ago. There was an action by the Georgia Legislature. They voted to retain Federal rent control. And the same thing in Mississippi.

As far as I know, there are no other State actions pending.

Senator GURNEY. Then we have five, with the possibility of Virginia. And I am a neighbor to Nebraska; and I have not heard any howl from Nebraska. I live right over the line. I am wondering what the experience was. Certainly you have gone into those five States, or those four States, to see how much rents went up after decontrol went into effect, but when I thumb through your testimony, here, I do not see any allusions to it.

SURVEY OF DECONTROLLED AREAS MADE BY BUREAU OF LABOR STATISTICS

Mr. Woods. I have some evidence, Senator, as to what has happened in areas where they have been decontrolled.

Senator GURNEY. In these four States?

Mr. WOODS. At least Texas.

We do not have any information as of this date on Nebraska, but we are having the Bureau of Labor Statistics make a survey for us in Omaha, which should be completed within about 2 or 3 weeks.

Senator GURNEY. What do you have now?

Mr. WOODS. Well, we had the Bureau of Labor Statistics make surveys for us in seven cities which had been decontrolled: Dallas and Houston, in Texas, and Knoxville, Jacksonville, Topeka, Spokane, and Salt Lake City. In those cities, which were decontrolled, this was the experience: Of course, as to Dallas and Houston, Dallas was a local-option decontrol which took place prior to the State decontrol action, and Houston went out by the State decontrolling. All of the others were local-option actions. And we found that the rent increases were rather exorbitant in those cities.

Senator FERGUSON. Well, now, give us the figures. What do you mean "rather exorbitant?"

Mr. WOODS. In Dallas, the average percentage rent increase was 36.1 percent. In Knoxville it was 25.7 percent.

Now these are the units we asked the Bureau of Labor Statistics to survey for us: What has happened to rents in units free to rise, in other words, units that were decontrolled by this action and not units in which they were prohibited from a rent increase, or not units which had already been decontrolled and had received high rents? These figures are: for Dallas, 26 percent; Knoxville, 25.7 percent; Jacksonville, 25.8 percent; Houston, 40 percent; Topeka, 30 percent. As to Spokane, that was one that we decontrolled ourselves. There the increase was 19 percent. And Salt Lake City was 16 percent.

However, the thing that bothered us, Senator, was the fact that the worst increases took place in the lowest-priced units. For example, in Dallas 41 percent of the units in the under-\$30 group were increased; in the \$30 to \$49.99 group, 21 percent; in the \$50-and-over group, 13.6 percent. As to Houston, in the under-\$30 group the average percent increase was 45 percent.

Senator MAYBANK. Does it not cost just as much to keep up a small unit, from the standpoint of painting and fixing up?

Mr. WOODS. I do not know why it is, Senator.

Senator MAYBANK. I mean, when it comes to painting a room, the costs are the same, whether it is a \$30-a-month unit or a \$40-a-month unit, or one with a higher rental than that.

Mr. WOODS. I feel that the answer is that there was less to select from among those units, and the people had to stay and take the rent increases.

Senator MAYBANK. I am sorry for people who have their rent increased, but I think when you increase a unit in monetary value by painting and repairing, it would probably cost as much to paint and fix the plumbing in a \$30, \$40, or \$50 unit as in a \$100 unit. I was just wondering if that were true.

Senator FERGUSON. Is it not true that these rents would not go up any more if people were allowed to charge what they wanted to charge? And that would place every landlord on the same basis, whether he was building, or had an old building.

Senator GURNEY. These statistics were prepared by the Bureau of Labor Statistics?

Mr. WOODS. Yes, sir.

Senator GURNEY. Were they taken immediately after decontrol set in?

Mr. WOODS. No. There was another thing we found in this survey. The surveys were made all about the same time, but the decontrol dates varied. For example, comparing Dallas and Houston, when the survey had been made, Dallas had been decontrolled for about 5 months. Houston had been decontrolled 1 month. The increases were more widespread in Dallas than in Houston. In other words, a lot of people feel that if you decontrol, rents may go up for the first month or so, but then they will level off. These surveys, I feel, showed that that is not true; that they keep on going up.

Here are two cities in the same State, where the people are probably a lot alike, and where they have the same types of buildings.

DETERMINATION OF A DANGEROUS RENT INCREASE

Senator MAYBANK. What about the places where you did decontrol, the 20 percent?

Mr. WOODS. Well, that I would say is on the dangerous list. We are going to make another study of Spokane.

Senator FERGUSON. What do you mean by dangerous?

Mr. WOODS. Well I feel that if a city has a rent increase going up to 25 percent, for an over-all rent increase that is too much.

Senator FERGUSON. You mean with the inflation that we have had since 1942 a 20- to 25-percent increase is exorbitant?

Mr. WOODS. Yes, sir; I do.

Senator FERGUSON. I do not know how you figure it on the present value of the dollar. How do you figure it? How much has there been in inflation generally on all costs?

Mr. WOODS. That is not the true picture, Senator, because these places have also had other increases.

Senator FERGUSON. How do you know that they have had increases?

Mr. WOODS. Because we have given them to them under rent control.

Senator FERGUSON. Well, how much have they had?

Mr. WOODS. Well, we are granting increases——

Senator FERGUSON. No, no. You are talking about a particular town, Spokane.

Mr. WOODS. Well, I would have to check.

Senator FERGUSON. Do you not think you ought to check and bring the accurate figures here, so that we can tell?

Mr. WOODS. Senator, you are talking about the effects of decontrol.

Senator FERGUSON. Sure. You are bringing this in here to show that we ought to keep rent control. And I want the figures accurate.

Mr. WOODS. I didn't plan to come into this hearing, Senator——

Senator FERGUSON. Then why are you giving us this?

Senator GURNEY. I asked for them.

Mr. WOODS. The Senator asked for them.

Senator FERGUSON. You mean beforehand?

Mr. WOODS. Just a few minutes ago. We have got those figures, and I will be glad to supply them.

(The information on Spokane was supplied as follows:)

There were 24,636 registered units. Increases were granted on 10,910 of these units. The increases averaged \$4.85 per unit per month. The increases in the 10,910 units averaged 23.8 percent. In addition 2,978 units were covered by leases involving a 15-percent increase.

Senator FERGUSON. What are these figure for?

Mr. WOODS. As to these figures, the Senator asked what has happened in decontrolled areas. These figures, I believe, the Banking and Currency Committee, when hearings on extension of rent control start, are going to ask me for in connection with what has happened in areas which have been decontrolled. If nothing has happened, it ought to all go off.

Senator GURNEY. When you do give your testimony to the Banking and Currency Committee, please do not seek to justify your request for continuance of rent control on what happened in a few large cities. Take the towns of 5,000. What has happened there?

Mr. WOODS. We have those figures.

Senator GURNEY. Just because the rents went up in the largest cities in the State does not mean it was not of general benefit to the State. I do not know what the story would be, but I can imagine that in the large centers of population in each State there would be more demand for what housing they have got than there might be in smaller communities.

Mr. WOODS. We will have figures on the smaller communities, but I did not have them with me today, because I didn't know the subject was coming up.

REDUCTION IN 1950 APPROPRIATIONS

Senator MAYBANK. Senator, the only reason I said what I did was that last year in our committee the appropriation was cut 10 percent, and it was cut 10 percent on the floor, and then the House cut it again, and when it came to the conference committee there was a cut of some \$9,000,000.

Is that right?

Mr. WOODS. That is right, I would like to go into the effects of decontrol, which is the next thing in my statement, if I may.

Chairman McKELLAR. All right, sir. Go right ahead.

ACCOUNTING SURVEYS ELIMINATED

Mr. WOODS. Third, we eliminated accounting surveys. At the legislative hearings early in 1949, considerable dissatisfaction was expressed because we were unable to provide information concerning the financial position of landlords on a national basis. We had requested additional personnel to conduct accounting surveys during the fiscal year 1950. In view of the need for drastic economy, however, we were forced to drop these surveys and to use all available accountants for processing the heavy workload of landlords' petitions under the new fair net operating income provision of the 1949 act.

Fourth, in many large offices where the work load and backlogs were particularly heavy, we made decisions quickly without the customary inspections in many cases.

EFFECTS OF DECONTROL

Finally, there were the savings from decontrol. The Housing and Rent Act of 1949 provides four methods by which areas or portions of areas may be decontrolled. First, the Housing Expediter may decontrol on his own initiative when he finds that the demand for rental housing has been reasonably met. Second, a local rent advisory board may recommend decontrol to the Housing Expediter when it finds that the demand for rental housing has been reasonably met. Such recommendations are approved and carried into effect if the board has held a public hearing after appropriate notice and if the record of evidence presented at the public hearing substantiates the board's findings and recommendation. Third, the governing body of any incorporated city, town, or village may pass a resolution to terminate rent control. The Housing Expediter must end rent control in that city, town, or village, provided the following conditions have been met. A public hearing was held after appropriate notice; as a result of the public hearing the governing body found that there no longer was such a shortage in rental housing as to require rent control; and the Governor of the State has approved the resolution. Fourth, any State may by law declare that Federal rent control is no longer necessary in any part of the State, or it may substitute State for Federal rent control. In either case Federal rent control is terminated.

Senator FERGUSON. Right there: Has any State substituted State for Federal rent control?

Mr. WOODS. One, Senator, Wisconsin.

DISCUSSION OF RECONTROL PROVISION FOR DECONTROLLED AREAS

In the legislative hearings last year I recommended that the Housing Expediter be given the right to recontrol decontrolled areas when necessary. I stated at that time that there would be many areas where the evidence would be inconclusive on the extent to which the demand for rental housing had been met. I also said that if the authority to recontrol were put in the law I would not hesitate to decontrol in all doubtful cases. The Housing and Rent Act of 1949 did provide the authority to recontrol when an area was decontrolled on the initiative of the Housing Expediter or on the recommendation of a rent advisory board—except in cases decided by the Emergency Court of Appeals. Since April 1, 1949, I have carried out a vigorous decontrol policy, ordering decontrol on our own initiative in all doubtful cases. Fortunately, I have had to decontrol only three areas: Part of Somerset County, Pa.; Americus, Ga.; and Harrodsburg, Ky. In each of these areas the local rent advisory board found that widespread, large, and unwarranted rent increases had occurred after decontrol, and recommended the reestablishment of Federal rent control.

NUMBER OF DECONTROL ACTIONS

Between April 1, 1949 and January 26, 1950, a total of 703 decontrol actions were taken which removed rent control from approximately 2,916,000 rental dwelling units. We took 484 of these actions on our own initiative, thereby decontrolling 1,206,000 rental units. Thus, our own actions accounted for 69 percent of the total actions

and 41 percent of the total number of units decontrolled. A total reduction of 71 employees with annual salaries of \$247,792 resulted from decontrol on our own initiative.

RENT DECONTROL UNDER LOCAL OPTION

Local option decontrol accounted for 208 actions and 798,000 rental units, and State action for 6 actions and 838,000 rental units. Decontrol by local option and State action resulted in a reduction of 480 employees with annual salaries of \$1,793,536. Five decontrol actions involving 74,000 rental units were taken on the recommendation of local rent advisory boards with a resulting reduction of 30 employees having annual salaries of \$110,451. Thus, the total savings from decontrol amounted to 581 employees with total annual salaries of \$2,151,779.

ADDITIONAL FUNCTIONS IMPOSED BY RENT ACT OF 1949

I have already referred to the additional functions and responsibilities imposed by the Housing and Rent Act of 1949 which have increased our work load. First, there is control over evictions, the very heart of the enforcement of rent control. It is essential that we make all decisions in eviction cases not only carefully, but as quickly as possible, if we are to give just and equitable treatment to both landlords and tenants.

Second, there is the requirement to designate consultants for small landlords and tenants. The Congress clearly indicated that these consultants were not only to supply landlords and tenants with all necessary information concerning their rights and obligations, but that they were to assist in the preparation of applications for rent adjustments and eviction certificates.

Third, there is authority for either landlord or tenant to appeal from the decision of the area rent director. Prior to the present act only landlords could make such appeals.

Fourth, there is the provision for adjustments to provide a fair net operating income to landlords. The processing of cases under this provision is technical and requires the services of accountants.

Fifth, there is the recontrol of certain hotel accommodations in New York City and Chicago and of other housing accommodations previously decontrolled under the 1948 act.

Sixth, there is the provision that rent adjustments may be granted only when the landlord certifies that he is maintaining all services provided as of the date determining the maximum rent and that he will continue to maintain such services so long as the adjustment continues in effect. This provision frequently requires detailed investigation when the services provided are in dispute.

WORK-LOAD INCREASE UNDER RENT CONTROL ACT OF 1949

These additional functions and responsibilities were clearly reflected in a substantial increase in the work load of the area rent offices. During the first 9 months under the present act—April through December 1949—we received 1,778,814 landlord and tenant cases as compared with 1,116,464 similar cases during the preceding 9 months.

an increase of 59 percent. In addition, the total number of consultations, hearings, field inspections and incoming telephone calls increased 17 percent from 10,005,528 in the last 9 months under the 1948 act to 11,704,136 during the first 9 months under the present act. In other words, the total volume of work has increased during this period despite the 703 decontrol actions which decontrolled 2,916,000 rental units since April 1, 1949.

WORK LOAD IN AREA RENT OFFICES

These figures do not show the full effect of increased work load on the offices which continued in operation. This may be seen from an examination of increased work load in the 23 principal area rent offices. During the first 9 months under the 1949 act these offices received 68 percent more landlord and tenant cases than during the previous 9 months—994,321 cases as compared with 590,783. At the same time the number of consultations, hearings, field inspections, and incoming telephone calls increased 38 percent—from 4,526,594 to 6,263,273.

It became necessary to increase the personnel in the larger area offices in order to cope effectively with the increased work load. The number of employees in these 23 principal offices, for example, rose from 1,532 in March 1949 to 1,941 in December 1949. Thus, the increased work load due to additional functions and responsibilities necessarily offset in part the savings achieved through decontrol and through administrative reorganization and streamlining.

NET EFFECT OF REDUCTIONS AND INCREASED WORK LOAD

The net effect of our economy measures, our decontrol efforts, local and State decontrol actions, and our increased work load was a reduction in personnel from 5,462 at the end of August 1949 to 4,153 at the end of December 1949, a decrease of 1,309 persons or 24 percent, and a reduction in the number of area and branch offices from 400 to 270. Operating costs were reduced from an annual rate of \$25,237,512 at the end of August to an annual rate of \$19,340,000 at the end of December 1949.

DEFICIENCY REQUEST BASED ON ACTUAL OPERATING COST

I submit that we have done everything possible to effect economies and at the same time fulfill the minimum requirements of the Housing and Rent Act of 1949. The estimate of \$3,600,000 required for the remainder of the fiscal year 1950 is based on our actual operating costs, with an allowance for further reduction of 250 employees as a result of decontrol actions during the remainder of the fiscal year. No one can say how much decontrol will be possible between now and June 30.

LIQUIDATION COSTS UNDER DECONTROL AND AMOUNT FOR PAY INCREASE

However, it should be remembered that when employees are separated the law requires that they be paid for all of their accumulated annual leave. For many people this may amount to several months' pay. Therefore, in the coming months there will be more and more

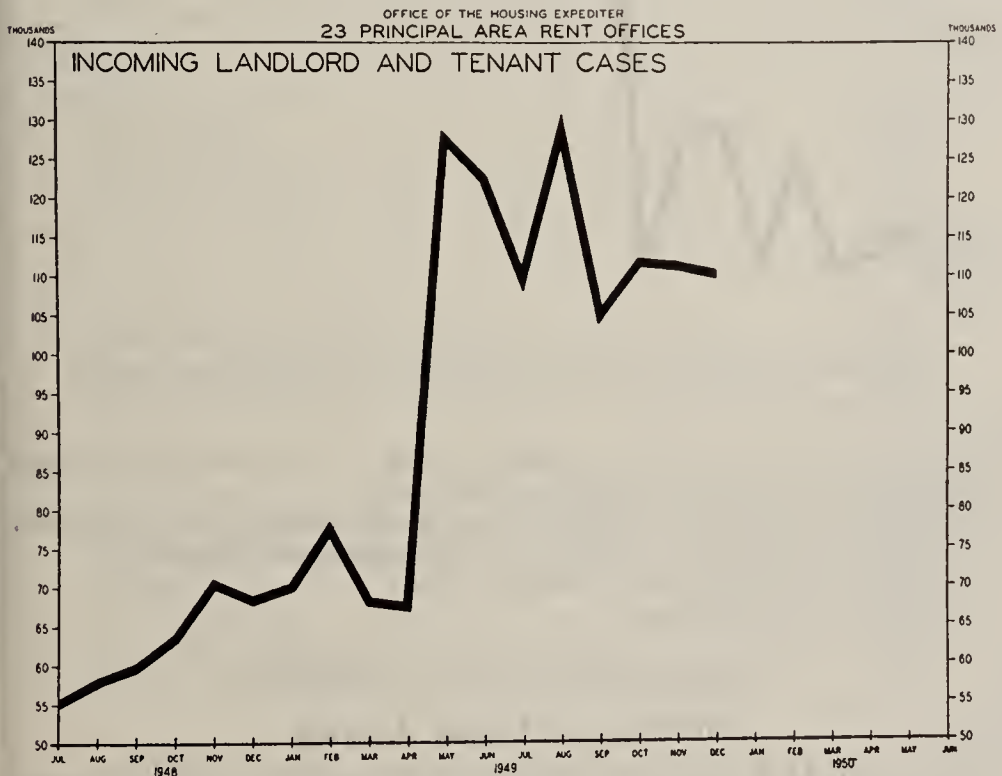
cases where it will cost more money from the 1950 appropriation to separate an employee than to carry him on active duty through June 30. For example, the State of Alabama will be decontrolled by a State law effective May 25, 1950. The annual leave of the 43 employees in Alabama will be computed over a period running well into the fiscal year 1951, but the full amount must be paid from the 1950 appropriation. During the first half of the fiscal year we actually paid out approximately \$720,000 for annual leave, and this is normally an expense of liquidation for which no provision was made in the 1950 estimates. The amount requested also includes \$390,000 for increased rates of pay resulting from the Classification Act of 1949 for which no provision was made in the 1950 estimates.

It is my considered judgment that the sum of \$3,600,000 represents the minimum required for the remainder of this fiscal year in order to administer the Housing and Rent Act of 1949 in the 353 areas with approximately 11,000,000 rental units which are now under rent control.

Mr. Chairman, I only have one other thing. I do not believe in trying to press the committee and show them a lot of charts, but I have two, which I would like to show you, which will indicate why we could not reduce our people more. I would like to, if I may, just take a second or two and explain what they are.

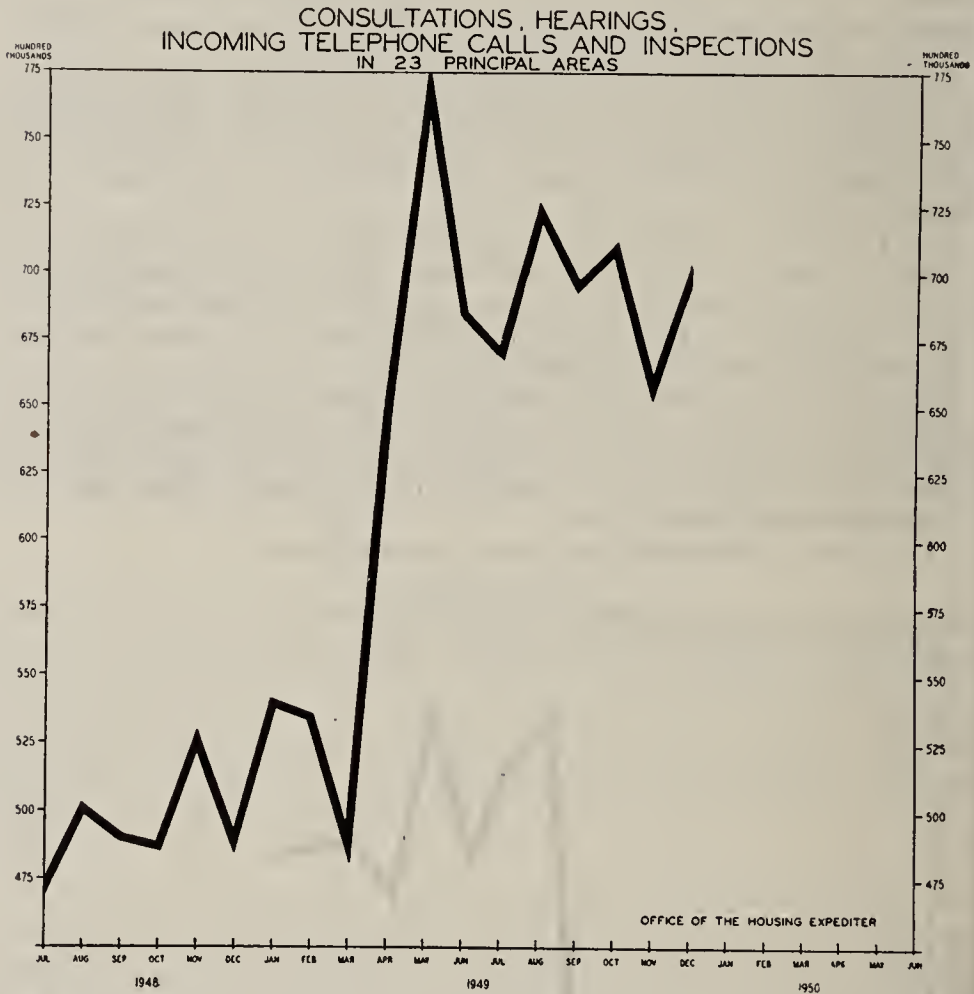
This is the way our work went up in April of 1949, practically straight up. As soon as people knew what the new act was going to be, both landlords and tenants, knowing that there was going to be a further rent control act, just swamped us with work. That was just on landlord and tenant cases.

(The chart on landlord and tenant cases follows:)



The other one shows other workload in the office, which is worse. I do not mean to be facetious, but I know you have seen these jokes about charts where the red line goes all the way out of the picture. Well, this almost does that. This chart covers consultations, hearings, incoming telephone calls, and inspections, just in our 23 largest offices. This date is March. March and April were the months in which this line just shot up, especially in our largest offices, so badly that we hardly knew where to turn.

(The workload chart follows:)



Of course, then we had to begin, when we got the news on our appropriation, to start chopping them down.

Thank you, Senators. I will be very glad to answer any questions, Chairman McKELLAR. Have you any questions, gentlemen?

If not, we are very much obliged to you.

Thank you very much.

DEPARTMENT OF INTERIOR

BUREAU OF INDIAN AFFAIRS

Chairman McKELLAR. The Bureau of Indian Affairs of the Department of Interior has submitted statements pertaining to requests made

of the Bureau earlier in the hearings. These statements shall be inserted in the record at this point.

(The statements follow:)

(See p. 38)

REPORT ON THE STATUS OF EMPLOYMENT PROGRAM INITIATED WITH THE \$100,000 INCLUDED IN THE APPROPRIATION, "SALARIES AND EXPENSES, FIELD ADMINISTRATION," CONTAINED IN THE INTERIOR DEPARTMENT APPROPRIATION ACT, 1950

Owing to the late passage of the Interior Department Appropriation Act (October 12, 1949), plans for an employment program were not completed until November. Despite this delay, we believe a sound start has been made in providing means for placing employable Indians in permanent jobs.

Placement units have been established in Aberdeen, Billings, Minneapolis, and Portland, each of which is headed by a placement officer who will be assisted by three other employees. These officers are:

Robert C. Bennett (Aberdeen), GS-12	\$6,400
George T. Barrett (Billings), GS-12	\$6,400
Kent FitzGerald (Minneapolis), GS-12	\$6,400
George P. LaVatta (Portland), GS-12	\$6,400

These offices will serve Indian populations in the respective areas as follows:

<i>Area offices</i>	<i>Population</i>	
Aberdeen:		
Cheyenne River	3,846	
Crow Creek	1,753	
Flandreau School	281	
Fort Berthold Agency	2,018	
Pine Ridge Agency	10,090	
Rosebud Agency	9,391	
Sisseton Agency	3,177	
Standing Rock Agency	4,324	
Turtle Mountain Consolidated Agency	7,586	
Winnebago Agency	4,864	
		47,330
Billings:		
Blackfeet Agency	5,164	
Crow Agency	2,488	
Flathead Agency	3,630	
Fort Belknap Consolidated Agency	1,805	
Fort Peck Agency	3,116	
Northern Cheyenne Agency	1,719	
Wind River Agency	2,697	
		20,619
Minneapolis:		
Consolidated Chippewa Agency	14,711	
Great Lakes Consolidated Agency	16,927	
Menominee Agency ¹	2,551	
Red Lake Agency	2,484	
Pipestone School	993	
		37,666
Portland:		
Colville Agency	4,431	
Fort Hall Agency	2,106	
Klamath Agency	1,547	
Northern Idaho Agency	2,346	
Taholah Agency	3,125	
Tulalip Agency	4,245	
Umatilla Agency	1,303	
Warm Springs Agency	875	
Yakima Agency	3,415	
		23,393
Total		129,008

¹ Census report 1945 not submitted; 1944 figures used.

A conference was had with our own workers to define and discuss policies, procedures, and relationships with existing employment agencies, employer groups, and community agencies, so as to insure uniformity of policies and relationships among the employment officers, all of whom are Indians. It was agreed at this meeting that the first effort should be in the direction of making an inventory of the skills available among the employable Indians on the various reservations. This is important in order that discussion with prospective employers could be had in terms of definite numbers of available employables in specific skills.

Although the program has been under way less than 4 months, reports from the placement officers indicate that agreements have been worked out with State employment services in a number of States in order to insure that the activities of those State agencies are not duplicated by the efforts of the Bureau's placement officers. Reports do not show that any substantial numbers of employment opportunities have been developed for Indians, but this is due in large part to the fact that the demand for labor of all kinds in the areas in which our offices are located is not heavy during the winter months. Many of our Indians are without skills in a particular trade with the result that employment opportunities for that type of labor do not develop until the spring of the year.

It is expected that this program will be in full operation within the next 2 or 3 months when employment opportunities begin to develop and that substantial placements can be made by these officers with a showing of a considerable number of Indians placed by the end of the year.

Beginning with the fiscal year July 1, 1950, the budget for the program is as follows:

Personal services:

Placement officers, GS-12, at \$6,400	4
Assistant to placement officer, GS-9, at \$4,600	4
Clerks, GS-4, at \$3,100	4
Clerk-stenographers, GS-3, at \$2,650	4
01 Total personal services	\$67, 000
02 Per diem and travel	8, 000
03 Transportation of things	400
04 Communications	800
05 Rents and utilities	3, 200
07 Contractual services	2, 000
08 Supplies and materials	400
09 Equipment (cars, typewriters, and filing cabinets)	8, 000
11 Grants, subsidies, and contributions	10, 200
Total	100, 000

(See p. 43.)

The following table reflects the number of employables included in the relief case load for the respective months and the percentage that number represents of the total case load.

Employables on relief

Month	Total case load	Number of employables	Percent
July	707	13	1.8
August	2, 877	153	5.3
September	3, 091	166	5.3
October	2, 488	122	4.9
November	2, 681	166	6
December	4, 193	378	9
January	8, 718	1, 026	11.7
February	17, 000	3, 194	12.9

A geographic distribution of the foregoing numbers of employables is as follows:

Number of employable persons on relief roll by months for fiscal year 1950

State and agency	July	August	Sep- tember	Octo- ber	Novem- ber	Decem- ber	Janu- ary	Febru- ary ¹
Total.....	13	153	166	122	166	378	1,026	3,194
California: Sacramento.....	2	6	5	4	8	9	38	38
Mississippi: Choctaw.....	0	0	1	1	0	1	0	0
Montana.....	0	39	38	19	5	36	333	1,319
Blackfeet.....	0	0	0	0	0	0	0	488
Fort Belknap Consolidated.....	0	0	0	0	0	0	223	173
Fort Peck.....	0	0	0	0	0	0	2	279
Northern Cheyenne.....	0	39	38	19	5	36	108	179
Nebraska: Winnebago.....	4	17	0	0	0	0	121	300
Nevada: Carson.....	1	2	2	2	4	6	12	12
North Dakota.....	1	83	115	77	105	174	280	430
Fort Berthold.....	1	0	2	4	2	14	25	30
Standing Rock.....	0	83	112	73	101	97	164	200
Turtle Mountain.....	0	0	1	0	2	63	91	200
Oklahoma: Five Civilized Tribes.....	0	1	1	1	2	2	2	2
South Dakota.....	5	5	4	18	42	150	240	1,293
Cheyenne River.....	0	0	0	0	0	0	0	400
Crow Creek.....	2	2	2	12	18	47	45	10
Flandreau.....	0	0	0	0	0	0	0	12
Pine Ridge.....	0	1	0	0	0	3	55	250
Rosebud.....	0	0	0	0	0	0	0	521
Sisseton.....	3	2	2	6	24	100	140	100

¹ Estimated.

The percentage of employable Indians included in our estimated case load of 17,000 persons for February is 12.9 percent, which represents 3,194 persons. Also included in the February estimate are their 9,120 dependents, making a total of 12,314 persons added to the case load due to unemployment during the severe winter weather. Under usual winter weather conditions, 33½ percent of these employables would be assisted, if necessary, by tribal relief funds, now exhausted, on their respective reservations of Blackfeet, Fort Peck, and Cheyenne River. For relief purposes, an unemployable person is considered to be a minor, a widow with dependent children, or a person so mentally or physically handicapped as to preclude possibility of his self-support.

(Whereupon, at 4:35 p. m., February 17, 1950, the committee concluded the hearings.)

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Published by the American Medical Association, 535 North Dearborn Street, Chicago, Ill.
Subscription price, \$5.00 per annum in advance. Single copies, 15 cents.
Entered as Second-Class Matter, May 26, 1917. Postpaid.
Acceptance for mailing at special rate of postage provided for in Act of October 3, 1917.
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THE JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION
PUBLISHED WEEKLY
CHICAGO, ILL., MAY 1, 1924
Vol. 34, No. 19

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O

URGENT DEFICIENCY APPROPRIATION BILL, 1950

FEBRUARY 27 (legislative day, FEBRUARY 22), 1950.—Ordered to be printed.

Mr. McKELLAR, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 7207]

The Committee on Appropriations, to whom was referred the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes, report the same to the Senate with various amendments and present herewith information relative to the changes made.

Amount of bill as passed House.....	\$732, 485, 500
Amount added by Senate.....	16, 893, 600
Amount of bill as reported to Senate.....	749, 379, 100
Total estimates considered by the Senate (contained in H. Docs. Nos. 405, 455, and 456 and in S. Docs. Nos. 135 and 136).....	830, 911, 600
The bill is under the estimates.....	81, 532, 500

ATOMIC ENERGY COMMISSION

The committee approves the recommendation of the House with respect to the Atomic Energy Commission. The bill contains an authorization for the Atomic Energy Commission to enter into contracts to the extent of \$78,885,000 in excess of the present contract authorization of \$387,189,628 contained in the Independent Offices Appropriation Act for the fiscal year 1950. The increase recommended is a reduction of \$8,765,000 in the supplemental estimate which proposed to increase the contract authorization by \$87,650,000.

The increase in contract authorization will enable the commission to finance construction heretofore initiated of additional facilities to meet the production goals approved by the President. The increased authorization will also permit the acceleration of projects connected with the reactor development program and for a few additional minor projects. It is estimated that the expanded program will require

\$188,594,000 for obligation in 1950. Savings and adjustments in the Commission's original 1950 program will provide a total in excess of \$100,000,000, which, together with the contract authorization contained in this bill will meet the expanded program requirements for the fiscal year 1950.

OFFICE OF HOUSING EXPEDITER

The committee has denied the supplemental estimate of \$3,600,000 for salaries and expenses for the Office of Housing Expediter, which was requested to supplement funds of the Office of Housing Expediter to enable the Office to function during the remainder of the fiscal year at the level obtaining on January 1, 1950.

The committee has, however, proposed an appropriation of \$2,600,000 but has limited it to the payment of terminal leave. In recommending this additional appropriation, it is the sense of the committee that all annual leave accruals of employees of the Office of Housing Expediter on and after January 1, 1950, shall be granted through an equivalent of time off duty during the remainder of the fiscal year rather than through lump-sum cash payments upon separation from the agency. The officials of the Office of Housing Expediter indicated that the taking of leave is left largely to the employees themselves. The committee feels, however, that the Housing Expediter is fully authorized to administer the leave laws and regulations promulgated thereunder in accordance with the views expressed by the committee. In this connection, the committee wishes to call attention to the ruling of the Comptroller General, appearing in volume 28, page 526, of the "Decisions of the Comptroller General of the United States," which reads as follows:

Under the authority in section 1 of the Annual Leave Act of March 14, 1936, an employee may be placed in an annual-leave status without his consent in all situations where the administrative office considers it desirable from an official standpoint that the employee not be continued in an active-duty status (19 Comp. Gen. 955, amplified).

TENNESSEE VALLEY AUTHORITY

The committee has approved the sum of \$11,682,500 for the Tennessee Valley Authority, which is the amount proposed by the House and represents a reduction of \$682,500 in the supplemental estimate of \$12,365,000.

The committee has approved the entire amount of \$7,000,000 to begin construction of transmission lines and power-generating facilities to enable the Authority to provide large quantities of additional power needed for the operation of an expanded atomic-energy facility at Oak Ridge.

Of the requested amount of \$5,000,000 for continuation of construction of the regular 1950 TVA construction program the committee has allowed \$4,500,000. The amount requested in the estimate was to provide a major portion of funds eliminated by the Congress in connection with the regular 1950 appropriation in anticipation of a general decline in construction costs, which has not materialized to any great extent. The committee feels, however, that the \$4,500,000 allowed will meet the most essential needs of the TVA in meeting the goals of their 1950 program.

The committee has also approved \$182,500 of the \$365,000 requested for pay increases from appropriated funds.

DEPARTMENT OF AGRICULTURE

CONTROL OF FOREST PESTS

The committee approves an item of \$4,500,000 to permit the Department of Agriculture to combat serious infestations of forest insects, including spruce budworm, and bark and pine beetles. Surveys have disclosed the presence of 38 infestations of pests that are destructive to our forests. Of this number it is felt that 33 can be taken care of by funds presently available. However, the remaining five are large and extremely important and the proposed funds will be used to combat these infestations. The following table summarizes the estimated costs, estimated losses, and nature of operations by projects:

Summary of estimated costs, estimated losses, and nature of operations, by projects

Project	Estimated costs				Estimated value of timber threatened ¹	Nature and size of operations and estimated cost per unit
	Federal funds		Cooperators ²	Total		
	Available	Needed				
(a) Spruce budworm in Douglas fir and white fir in Oregon and Washington.	-----	\$880,000	\$320,000	\$1,200,000	\$50,396,000	Aerial spraying of 999,670 acres at \$1.20 per acre.
(b) Spruce bark beetle in Engelmann spruce in Colorado.	-----	2,885,000	-----	2,885,000	² 12,878,000	Treatment of 725,000 infested trees at approximately \$4 per tree.
(c) Black Hills bark beetle in ponderosa pine in Colorado.	-----	210,000	-----	210,000	2,739,000	Treatment of 42,000 trees at \$5 per tree.
(d) Mountain pine beetle in lodgepole pine in southeastern Idaho and western Wyoming.	\$148,000	270,000	-----	418,000	6,000,000	Treatment of 53,000 trees at approximately \$7.50 per tree.
(e) Mountain pine beetle in white pine in northern Idaho.	-----	255,000	8,000	263,000	22,000,000	Treatment of 17,522 trees at cost ranging from \$12 to \$15 per tree, average \$15.
Total-----	148,000	4,500,000	328,000	4,976,000	94,013,000	

¹ Excludes watershed and recreational values.

² Excludes estimated green timber threatened if entire spruce area became infested, which has estimated value of \$19,368,000.

DEPARTMENT OF THE INTERIOR

WELFARE OF INDIANS

The committee approves the item of \$803,000 for the welfare of Indians as recommended by the House. The committee, in not approving the additional \$100,000 requested in Senate Document 135 for the purpose of permitting the Bureau of Indian Affairs to finance emergency assistance to some 10,000 Indians who have undergone undue hardship and suffering because of severe winter conditions, principally in Montana, North and South Dakota, is not unmindful of the plight of these Indians, and recognizes that an emergency exists which must be met. However, it is of the opinion that the officials of the Bureau of Indian Affairs should apply whatever funds are made available to them in such a manner that the needs of the various Indians affected are met in the order of their relative urgency and importance. If properly administered, the \$803,000 recommended by the House and approved by this committee should be sufficient to take care of the Indians referred to above as well as the general relief situation. The committee also feels that the officials of the Bureau of Indian Affairs should give greater attention to the particular needs of individual Indians than to an effort to raise the average payments to the Indians to more nearly conform to the payment made by other agencies for similar relief.

INCREASES AND LIMITATIONS

The changes recommended by the committee in the amounts of the House bill are as follows:

Senate:

Payment to the widow of Clyde M. Reed, late a Senator from the State of Kansas.....	\$12, 500
Miscellaneous items.....	200, 000
Total, Senate.....	212, 500

House of Representatives:

Beneficiaries of deceased Representatives.....	37, 500
--	---------

Office of Housing Expediter:

Salaries and expenses.....	2, 600, 000
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Agricultural Department:

Control of forest pests.....	4, 500, 000
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Department of Defense:

Department of the Army—Civil functions:

Corps of Engineers:

Flood control, general.....	8, 500, 000
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The committee recommends an appropriation of \$8,500,000 for the Fort Randall Dam, S. Dak., to enable the engineers to make full use of the working season, thereby saving one construction year. A corresponding reduction will be made in the regular 1951 appropriations.

INCREASES AND LIMITATIONS—Continued

Interior Department:

Bureau of Reclamation:

San Luis Valley project, Colorado.....	\$630, 000
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The committee recommends an appropriation of \$630,000 to continue construction of the Platoro Dam. Work is proceeding under a contract awarded May 5, 1949, and supplemental funds in the above amount are required for contract earnings and related costs during the balance of the fiscal year 1950 in order to avoid cessation of construction activities.

Lewiston Orchards project, Idaho.....	245, 600
---------------------------------------	----------

The committee has approved an item of \$245,600 for completion of this project.

Construction of the Lewiston Orchards project, Idaho, is under way and now nearing completion. Contract earnings under the going contract and incidental costs for the water-treatment works are estimated to exceed funds now available for 1950 by the amount of \$71,600. Additional work to be placed under contract at an estimated cost of \$174,000, on Reservoir "A" outlet works and on Clearwater Reservoir, is required for completion of the project. Supplemental funds in the total amount of \$245,600 are required at this time to prevent cessation of construction activities under the going contract and to avoid the additional overhead costs which would result from deferring completion of the project beyond the current working season. A corresponding reduction of \$245,600 in the estimate of appropriation for "Construction and rehabilitation," included in the 1951 Budget, has already been transmitted to Congress in House Document 457.

Total, Interior Department.....	875, 600
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Department of Labor:

Bureau of Employment Security:

Reconversion unemployment benefits for seamen.....	168, 000
--	----------

Payments for reconversion benefits for seamen are authorized until July 1, 1950, under title XIII of the Social Security Act, as amended. Of the \$577,000 made available for the fiscal year 1950, \$400,000 has been used for payments July 1, 1949, to January 31, 1950, leaving only \$177,000 available for the remainder of the fiscal year. The committee has approved the supplemental estimate of \$168,000 in order that sufficient funds may be available to meet the payments for reconversion unemployment benefits for seamen during the remaining five months of the fiscal year.

Total increase.....	16, 893, 600
Amount of bill as reported to Senate.....	749, 379, 100

URGENT DEFICIENCY APPROPRIATION BILL, 1950

Comparative statement of the amounts of the budget estimates and of the amounts recommended to be appropriated by the bill

H. Doc. No.	Department or agency	Amount of budget estimate	Amount recom- mended by House	Amount recom- mended by Senate committee	Increase (+) or decrease (-), Senate bill compared with—	
					Budget estimates	House bill
	LEGISLATIVE BRANCH					
	Senate:					
	Payment to Minnie E. Reed, widow of Clyde M. Reed, late a Senator from Kansas-----	-----	-----	\$12, 500	+\$12, 500	+\$12, 500
	Miscellaneous items-----	-----	-----	200, 000	+200, 000	+200, 000
	House of Representatives: Beneficiaries of deceased Representatives-----	-----	-----	37, 500	+37, 500	+37, 500
	Total, legislative branch-----	-----	-----	250, 000	+250, 000	+250, 000
	INDEPENDENT OFFICES					
456	Atomic Energy Commission-----	¹ \$87, 650, 000	² \$78, 885, 000	² 78, 885, 000	-8, 765, 000	-----
155	Office of Housing Expediter-----	3, 600, 000	-----	2, 600, 000	-1, 000, 000	+2, 600, 000
456	Tennessee Valley Authority-----	³ 12, 365, 000	³ 11, 682, 500	³ 11, 682, 500	--682, 500	-----
456	Veterans' Administration: Readjustment benefits-----	800, 000, 000	720, 000, 000	720, 000, 000	-80, 000, 000	-----
	Total, Independent Offices-----	815, 965, 000	731, 682, 500	734, 282, 500	-81, 682, 500	+2, 600, 000

455	DEPARTMENT OF AGRICULTURE	Control of forest posts-----	4, 500, 000	-----	4, 500, 000	-----	+ 4, 500, 000
	DEPARTMENT OF DEFENSE						
405	Department of the Army—civil functions: Flood control, general-----		8, 500, 000	-----	8, 500, 000	-----	+ 8, 500, 000
	DEPARTMENT OF THE INTERIOR						
456 S. 135	Bureau of Indian Affairs: Welfare of Indians--		903, 000	803, 000	803, 000	— 100, 000	-----
455		Bureau of Reclamation:					
	San Luis Valley project, Colorado-----		630, 000	-----	630, 000	-----	+ 630, 000
	Lewiston Orchards project, Idaho-----		245, 600	-----	245, 600	-----	+ 245, 600
	Total, Department of the Interior-----		1, 778, 600	803, 000	1, 678, 600	— 100, 000	+ 875, 600
	DEPARTMENT OF LABOR						
S. 136	Reconversion unemployment benefits for seamen-----		168, 000	-----	168, 000	-----	+ 168, 000
	Total-----		830, 911, 600	732, 485, 500	749, 379, 100	— 81, 532, 500	+ 16, 893, 600

¹ Increase in contract authorization from \$387,189,628 to \$474,839,628.

² Increase in contract authorization from \$387,189,628 to \$466,074,628.

³ In addition limitation on administrative and general expenses increased from \$3,699,000 to \$3,845,000.

○

Calendar No. 1294

81ST CONGRESS
2^D SESSION

H. R. 7207

[Report No. 1287]

IN THE SENATE OF THE UNITED STATES

FEBRUARY 10 (legislative day, JANUARY 4), 1950

Read twice and referred to the Committee on Appropriations

FEBRUARY 27 (legislative day, FEBRUARY 22), 1950

Reported by Mr. McKELLAR, with amendments

[Insert the part printed in italic]

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the following sums are appropriated, out of any money
4 in the Treasury not otherwise appropriated, to supply supple-
5 mental appropriations for the fiscal year ending June 30,
6 1950, and for other purposes, namely:

1

LEGISLATIVE BRANCH

2

SENATE

3

For payment to Minnie E. Reed, widow of Clyde M.

4

Reed, late a Senator from the State of Kansas, \$12,500.

5

CONTINGENT EXPENSES OF THE SENATE

6

Miscellaneous items: For an additional amount for

7

miscellaneous items, exclusive of labor, \$200,000.

8

HOUSE OF REPRESENTATIVES

9

For payment to Nora Bates, widow of George J.

10

Bates, late a Representative from the State of Massachusetts,

11

\$12,500.

12

For payment to Mary Putzel Bland, widow of Schuyler

13

Otis Bland, late a Representative from the State of Virginia,

14

\$12,500.

15

For payment to Clara Pronsky, sister of Martin Gorski,

16

late a Representative from the State of Illinois, \$12,500.

17

INDEPENDENT OFFICES

18

ATOMIC ENERGY COMMISSION

19

The authorization under this head in the Independent

20

Offices Appropriation Act, 1950, to enter into contracts for

21

the purposes of the appropriation therein made, is increased

22

from “\$387,189,628” to “\$466,074,628”.

1 *OFFICE OF THE HOUSING EXPEDITER*

2 *SALARIES AND EXPENSES*

3 *For an additional amount for "Salaries and expenses,*
4 *Office of the Housing Expediter", \$2,600,000, to be used*
5 *for the payment of terminal leave only.*

6 *TENNESSEE VALLEY AUTHORITY*

7 *For an additional amount for "Tennessee Valley Au-*
8 *thority", \$11,682,500, to remain available until expended;*
9 *and the limitation under this head in title II of the Inde-*
10 *pendent Offices Appropriation Act, 1950, on the amount*
11 *available for administrative and general expenses of the*
12 *Corporation, is increased from "\$3,699,000" to "\$3,845,-*
13 *000".*

14 *VETERANS' ADMINISTRATION*

15 *READJUSTMENT BENEFITS*

16 *For an additional amount for "Readjustment benefits",*
17 *\$720,000,000, to remain available until expended.*

18 *DEPARTMENT OF AGRICULTURE*

19 *CONTROL OF FOREST PESTS*

20 *FOREST PEST CONTROL ACT*

21 *For an additional amount for "Forest Pest Control*
22 *Act", \$4,500,000, to remain available until December 31,*
23 *1950.*

1 *DEPARTMENT OF DEFENSE*

2 *DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS*

3 *CORPS OF ENGINEERS*

4 *FLOOD CONTROL*

5 *FLOOD CONTROL, GENERAL*

6 *For an additional amount for "Flood control, general",*
7 *\$8,500,000, to remain available until expended.*

8 *DEPARTMENT OF THE INTERIOR*

9 *BUREAU OF INDIAN AFFAIRS*

10 *WELFARE OF INDIANS*

11 *For an additional amount for "Welfare of Indians",*
12 *\$803,000.*

13 *BUREAU OF RECLAMATION*

14 *RECLAMATION FUND*

15 *The following sums are appropriated out of the reclama-*
16 *tion fund created by the Act of June 17, 1902, as follows:*

17 *Construction*

18 *For additional amounts for "Construction", to remain*
19 *available until expended, as follows:*

20 *San Luis Valley project, Colorado, \$630,000;*

21 *Lewiston Orchards project, Idaho, \$245,600.*

1 *DEPARTMENT OF LABOR*2 *BUREAU OF EMPLOYMENT SECURITY*3 *RECONVERSION UNEMPLOYMENT BENEFITS FOR SEAMEN*

4 *For an additional amount for "Reconversion unem-*
5 *ployment benefits for seamen", \$168,000.*

6 SEC. 2. No part of any appropriation contained in this
7 Act, or of the funds available for expenditure by any cor-
8 poration included in this Act, shall be used to pay the salary
9 or wages of any person who engages in a strike against the
10 Government of the United States or who is a member of an
11 organization of Government employees that asserts the right
12 to strike against the Government of the United States, or who
13 advocates, or is a member of an organization that advocates,
14 the overthrow of the Government of the United States by
15 force or violence: *Provided*, That for the purposes hereof an
16 affidavit shall be considered prima facie evidence that the per-
17 son making the affidavit has not contrary to the provisions of
18 this section engaged in a strike against the Government of the
19 United States, is not a member of an organization of Govern-
20 ment employees that asserts the right to strike against the
21 Government of the United States, or that such person does

1 not advocate, and is not a member of an organization that
2 advocates, the overthrow of the Government of the United
3 States by force or violence: *Provided further*, That any
4 person who engages in a strike against the Government of
5 the United States or who is a member of an organization
6 of Government employees that asserts the right to strike
7 against the Government of the United States, or who advo-
8 cates, or who is a member of an organization that advocates,
9 the overthrow of the Government of the United States by
10 force or violence and accepts employment the salary or
11 wages for which are paid from any appropriation or fund
12 contained in this Act shall be guilty of a felony and, upon
13 conviction, shall be fined not more than \$1,000 or im-
14 prisoned for not more than one year, or both: *Provided*
15 *further*, That the above penalty clause shall be in addition
16 to, and not in substitution for, any other provisions of
17 existing law.

18 SEC. 3. This Act may be cited as the "Urgent De-
19 ficiency Appropriation Act, 1950".

Passed the House of Representatives February 9, 1950.

Attest:

RALPH R. ROBERTS,

Clerk.

81ST CONGRESS
2^D Session

H. R. 7207

[Report No. 1287]

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

FEBRUARY 10 (legislative day, JANUARY 4), 1950

Read twice and referred to the Committee on
Appropriations

FEBRUARY 27 (legislative day, FEBRUARY 22), 1950

Reported with amendments

H. R. 7207

IN THE SENATE OF THE UNITED STATES

FEBRUARY 27 (legislative day, FEBRUARY 22), 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. DOUGLAS to the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes, viz:

1 On page 6, line 17, strike the period after the word
2 “law”, insert a colon, and add: “*Provided further, That*
3 hereafter, the amount of annual leave for Government em-
4 ployees, including the employees of the postal service, shall
5 be at the rate of twenty days per year and the amount of
6 sick leave shall be at the rate of twelve days per year for
7 classified and wage board employees.”

AMENDMENT

Intended to be proposed by Mr. Douglas to the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

FEBRUARY 27 (legislative day, FEBRUARY 22), 1950

Ordered to lie on the table and to be printed

H. R. 7207

IN THE SENATE OF THE UNITED STATES

FEBRUARY 28 (legislative day, FEBRUARY 22), 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LONG to the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes, viz: On page 4, after line 7, insert the following:

- 1 FLOOD CONTROL, GENERAL (EMERGENCY FUND)
- 2 For an additional amount for "Flood control, general
- 3 (emergency fund)", as authorized by the Flood Control
- 4 Act of 1948 (Public Law 858, approved June 30, 1948),
- 5 \$4,000,000, to remain available until expended.

AMENDMENT

Intended to be proposed by Mr. Long to the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

FEBRUARY 28 (legislative day, FEBRUARY 22), 1950

Ordered to lie on the table and to be printed

The motion was agreed to, and the Senate proceeded to consider the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes, which had been reported from the Committee on Appropriations, with amendments.

THE COAL STRIKE SITUATION

Mr. TAFT. Mr. President, now that the coal strike has been settled, I wish to review the history of the coal industry since the war, the handling of the recent strike, and possible remedies against difficulties in the future.

In the first place, I believe we should distinguish between the situation arising out of a national strike which threatens the safety and health of the people, and the normal conduct of labor-management relations. The Labor-Management Relations Act of 1947 covers both, but all the basic features of that law relate to the day-to-day conduct of labor-management relations, and are applied a thousand times for every once that the national-emergency provision is involved. General legislation on labor-management relations should never contain the drastic powers which perhaps may have to be granted to the President in the case of national emergencies.

The problem with which we are concerned only arises when one union controls such a large section of an industry vital to the welfare of the people that the closing down of that industry threatens the safety or health of the people. This situation does exist in the coal industry. Although there is free competition on the operators' side with thousands of competing operators, the United Mine Workers control substantially all the coal labor throughout the United States. The recent strike, therefore, resulted in widespread suffering and rapidly spreading unemployment. Telegrams from all over the country testified to the complete lack of coal for delivery to homes and to great shortages in industry and utilities. The situation contemplated by the national emergency provisions of the Taft-Hartley law existed in November and long before the President finally acted under that law.

There is, of course, always one way in which to deal with a monopoly—give it whatever it asks for, and a better child you never saw. Such a policy is impossible in any Government based on liberty and equality, because it recognizes special privileges over all the rest of the population who have to use coal. In the last analysis, the issue today is not between the miners and the operators so much as between the miners and the public. Increases in wages and increases in pensions are reflected almost completely in the cost of coal to the consumers of coal as well as to the consumers of steel, patrons of the railroads and utilities and many other consumers. Such price increases are only alleviated through the rapidly growing use of oil and gas. The recent settlement will increase the price of coal approximately 20 cents a ton.

In the last analysis, the handling of a national-emergency strike must be an

executive function. It requires from Government a careful study of the situation on the merits of the dispute. It requires daily contact with the parties. Above all it requires firmness, fairness, and prompt action. We here in Congress cannot settle coal strikes. We can only give the President the best tools possible with which to do so.

The present law, first, gives the President power to mediate and to request arbitration. Mediation was unsuccessful. The President's proposal for submission of the dispute to an extra-legal board to be appointed by him was in the nature of a request that both parties arbitrate. It was accepted by the operators; it was rejected by the union. In general, the mine workers union has resisted all proposals for arbitration because of the power which it feels that it has. The operators apparently do not like arbitration, but they are so divided and uncertain that it is not difficult to force arbitration on them.

At this point I ask unanimous consent to place in the RECORD a brief history of the three coal strikes which have occurred since the war, that in 1946, that in 1948, and that in 1950.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

COAL STRIKES

1946 COAL STRIKE

(Strike while Government in possession)

May 21, 1946: Seizure under Smith-Connally Act.

May 29, 1946: Krug-Lewis agreement.

October 21, 1946: Lewis sought to reopen contract. Krug denied right to reopen.

November 15, 1946: Lewis notified Krug that union terminating agreement and circulated copies among miners for their official information.

November 16, 17, 18, 1946: 36,000 miners strike.

November 18, 1946: Temporary restraining order under contract.

November 18, 19, 20, 21, 1946: Total strike.

November 21, 1946: Petition for contempt.

November 25, 1946: Return day.

November 27, 1946: Trial.

December 3, 1946: Union found guilty, criminal and civil contempt. Lewis fined \$10,000 and union fined \$3,500,000.

December 7, 1946: Lewis letter to all members, "each member is directed to return to work immediately."

December 9, 1946: Miners returned.

1948 COAL STRIKE

(U. S. v. U. M. W. (21 LRRM 2723))

March 12, 1948: Lewis letter to miners to effect that operators had dishonored agreement by not activating welfare fund.

March 15, 1948: Total strike.

March 23, 1948: Emergency Board.

March 31, 1948: Emergency Board report.

April 3, 1948: Petition for injunction under Taft-Hartley law. Temporary restraining order issued.

April 7, 1948: Contempt charges filed.

April 14, 1948: Hearing on contempt.

April 19, 1948: Lewis and union found guilty, fined \$100,000 per day.

April 20, 1948: Lewis wired district presidents, "I do hope you will convey to each member my wish that they immediately return to work."

April 22, 23, 1948: Miners returned to work.

1950 COAL STRIKE

June 8, 1949: Union ordered brief stabilizing period of inaction; little coal mined from June 13-20.

July 3, 1949: 3-day work week.

September 19 to November 9: General cessation of work.

December 5, 1949: 3-day work week again.

January 18, 1950: Charts placed in hearing January 18, 1950, show 20,000,000 tons less coal above ground on January 16, 1950, than on March 23, 1948, when President declared emergency.

January 31, 1950: President proposed extra-legal fact-finding board, amounting to arbitration in fact.

February 4, 1950: Operators accepted; union rejected.

February 6, 1950: Total strike. Emergency Board appointed.

February 8, 1950: 2-hour public hearing; then bargaining with Board as observers.

February 11, 1950: Report of Board. Petition for injunction. Restraining order issued.

February 20, 1950: Temporary order continued to March 3. Petition for contempt.

February 27, 1950: Hearing on contempt.

March 2, 1950: Court found union not guilty of contempt.

March 3, 1950 (forenoon): Negotiations resumed with settlement on union's terms imminent.

March 3, 1950 (afternoon): President sent seizure bill to Congress.

March 3, 1950 (evening): Tentative agreement.

Mr. TAFT. Mr. President, it should be noted that in 1946 the union struck against the Government, which was in possession of the mines, and did not return until an injunction was sought under the Smith-Connally Act as against employees of the Government. It should be noted further that both in 1946 and 1948 the men did not return to work until the union was found guilty of contempt and fines were imposed, and that then they did return to work.

I believe very strongly that the President's entire course in the 1950 emergency extended that emergency to an undue length of time and encouraged open defiance of the law. He obviously has tried to discredit the law itself and the weapon given him with which to handle the situation, although prior to the election in 1948 he did not hesitate to use the injunctive power of the Taft-Hartley law—some eight times, I think. In this case he delayed its use when it was obvious that an emergency was threatened. He could have invoked it at the end of November when the men were working 5 days a week, and it would have been much easier to arrange a continuance of work than a return to work. Instead of having 2 months in which to work out a solution of the problem, bitter feelings were provoked during that period of 2 months. Faced with a real emergency he then sought to use a fact-finding board outside the law and his failure further delayed use of the law at a time when time was running out. The impression given to the public and to the miners was that the Government was not much interested in enforcing the law or the injunction. In the two past cases only a determined use of contempt proceedings had been successful in securing a return to work by the miners.

The Taft-Hartley law is by no means an extreme law. It authorizes an injunction against the union and the employers to end a strike or lockout only for a period of 80 days. Surely, it is not unreasonable to ask the men to go back

Mr. DONNELL. I do not object.

Mr. McCARRAN. One thought I have—and it may be covered—is with regard to amendments to the substitute. I assume that what is meant is that debate on amendments to the substitute would be limited to 30 minutes also under the language of the proposed unanimous-consent agreement.

Mr. LUCAS. I believe any amendments may be offered to the substitute, if I understand the parliamentary situation correctly.

The VICE PRESIDENT. The substitute will be open to amendment.

Mr. McCARRAN. The substitute will be open to amendment.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LUCAS. Will the amendment in the nature of a substitute be open to amendment?

The VICE PRESIDENT. It will be.

Mr. LUCAS. I was under the impression that it would be.

Mr. McCARRAN. The same rule would apply to amendments to the substitute.

Mr. LUCAS. The Senator is correct.

Mr. McCLELLAN. Mr. President, does the unanimous-consent request provide that any amendment must be germane, both amendments to the bill and to the substitute?

Mr. LUCAS. Yes; amendments to the substitute or the bill.

Mr. WHERRY. Mr. President, will the Senator from Illinois yield?

Mr. LUCAS. I yield.

Mr. WHERRY. The majority leader may have already answered the question, but I should like to inquire whether it is the understanding that debate will be limited, starting on March 31, to 30 minutes on the bill and 30 minutes on any amendment which may have been proposed or is proposed afterward, and 30 minutes on any amendment which may be proposed to the substitute. I make the inquiry so that there will be no misunderstanding.

Mr. LUCAS. That is as I understand it.

Mr. WHERRY. Thirty minutes on each side, and the time will be controlled by the Senator from Nevada [Mr. McCARRAN] and the Senator from West Virginia [Mr. KILGORE]. That is as I understand it.

Mr. LUCAS. No; it is not quite that way. On the amendment in the nature of a substitute I provided for an hour on a side, 30 minutes on all other amendments.

Mr. WHERRY. That is all right.

Mr. TOBEY. Mr. President, I congratulate the majority leader that it is manifest that order has now come out of chaos.

Mr. LUCAS. I thank the Senator.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from Wisconsin.

Mr. WILEY. I should like to get the judgment of the majority leader as to

whether he means that on the 31st of March, which will be Friday, as I recall, there will be any vote.

Mr. LUCAS. I should say that there may be, because we will start debating the committee amendments immediately, and the time on the first committee amendment will be only 30 minutes to each side. I should think we would get a vote on that amendment.

Mr. WHERRY. Mr. President, so that I may completely understand the situation, any Senator could debate 30 minutes on the bill and 30 minutes on any amendment. Therefore, while there is a possibility of a vote on Friday, yet if there is extended debate on the bill or any amendment, 30 minutes on each side, it would not mean that all Senators would have opportunity to debate on Friday; would it?

The VICE PRESIDENT. The Chair would like to have the judgment of the Senator from Illinois, because the Parliamentarian and the Chair do not agree as to the interpretation of that part of the request pertaining to 30 minutes' debate on each amendment. Does it mean that each Senator would have 30 minutes, or does it mean that 30 minutes is all the debate that could be had on an amendment, the time to be divided equally between the proponents and the opponents?

Mr. LUCAS. The Senator from Illinois thinks the latter to be the true interpretation, that 30 minutes is the total amount of time Senators who are in favor of an amendment could debate it, and 30 minutes the total amount of time Senators opposed to an amendment could debate it. In other words, only 60 minutes could be consumed on any one amendment, by all Senators.

The VICE PRESIDENT. The Chair is inquiring because he will have to interpret the agreement. Then there would be an hour of debate on each amendment, 30 minutes to each side.

Mr. LUCAS. Of course, it could happen that way.

Mr. TAFT. Mr. President, will the Senator from Illinois yield?

Mr. LUCAS. I yield.

Mr. TAFT. Reserving the right to object, under those circumstances I do not think I can agree to that particular date. It happens that the State Republican convention of Maine is to be held on Friday, the 31st. I have accepted an invitation to address that convention. The two Senators from Maine will both be present. My understanding was that the debate was proposed to be limited in the manner in which we always limit it, that is, to 30 minutes on each amendment. While the proposed action would prevent a filibuster, naturally it would permit more or less extended debate. Probably there would be no chance to reach a vote on Friday, but if we are to begin to vote on the 31st, I shall have to object.

Mr. LUCAS. Let us make it the 30th.

Mr. WHERRY. I should be glad if it were agreed to make it the 30th if the majority leader can assure us that we may proceed to debate the amendments,

even though an hour be taken on each amendment, but that no vote be had on the 31st.

Mr. TAFT. I make this suggestion: Why not leave the agreement as it is, with the exception of changing the time to debate on the amendments from 30 minutes to 15 minutes.

Mr. LUCAS. I will assure the Senator that the amendments will be debated during the day of March 31, but we will not begin voting on them until the following Monday.

Mr. TAFT. I withdraw my objection.

The VICE PRESIDENT. Permit the Chair to state the request as we now all understand it.

That the further consideration of the pending business be postponed until 12 o'clock on March 31; that thereafter debate shall be limited on each amendment and on the bill to 30 minutes to each side, to be controlled by the proponent and the opponent of the amendments, or the bill, or the substitute, as the case may be, except that the 30-minute limitation does not apply to the substitute itself, but to amendments thereto.

Mr. McCARRAN. That is correct.

Mr. WHERRY. And with the understanding that there will be no vote on Friday afternoon, March 31.

Mr. KILGORE. Mr. President, as I understand, 1 hour is to be allowed for debate on the substitute.

The VICE PRESIDENT. That is correct.

Mr. WILEY. I think we have got to make the RECORD clear that there will be no vote taken on Friday or Saturday on any amendment or on the substitute. I think that is the understanding.

Mr. LUCAS. There will be no vote on Friday or Saturday.

Mr. WILEY. Well, it is not clear in the RECORD.

The VICE PRESIDENT. That is a sort of a gentleman's understanding. It does not have to be stated by the Chair.

Mr. LUCAS. I doubt that we will have a session on Saturday.

The VICE PRESIDENT. Is there objection to the unanimous consent request? The Chair hears none, and it is so ordered.

URGENT DEFICIENCY APPROPRIATIONS, 1950

Mr. TAFT obtained the floor.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. TAFT. I ask unanimous consent that I may yield to the Senator from Tennessee without losing my right to the floor by doing so.

The VICE PRESIDENT. Is there objection to the request of the Senator from Ohio? The Chair hears none, and it is so ordered.

Mr. McKELLAR. Mr. President, I move that the Senate proceed to the consideration of House bill 7207 making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

H. R. 7207

IN THE SENATE OF THE UNITED STATES

MARCH 8, 1950

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. O'MAHONEY (for himself and Mr. HUNT) to the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes, viz: On page 3, after line 18, insert the following:

1 AGRICULTURAL RESEARCH ADMINISTRATION
2 BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE
3 Control of Emergency Outbreaks of Insects and Plant
4 Diseases

5 For an additional amount for "Control of emergency
6 outbreaks of insects and plant diseases", \$2,200,000, to
7 remain available until September 30, 1950; and the limita-
8 tion under this head in the Department of Agriculture
9 Appropriation Act, 1950, on the purchase of airplanes, is
10 increased from "three" to "six".

H. R. 7207

AMENDMENT

Intended to be proposed by Mr. O'MAHONEY
(for himself and Mr. HUNT) to the bill
(H. R. 7207) making appropriations to sup-
ply urgent deficiencies in certain appropria-
tions for the fiscal year ending June 30, 1950,
and for other purposes.

MARCH 8, 1950

Ordered to lie on the table and to be printed

our benign Secretary of State states in a full column in the paper that he is now ready to give the Nationalists at Formosa, whom a short time ago he termed scoundrels and grafters, many millions of our dollars. This is the sort of thing that makes us a trifle more than angry, the publicity about this hearing especially. Might I now suggest that you cap the insults heaped upon this American ship by inviting the perpetrators of the crime who shelled the *Flying Arrow* on the high seas without regard for the lives of these Americans aboard for a visit to this country so they can be suitably received; assembled at the Battery in New York and taken up lower Broadway by your offices to the acclaim of the multitude; that suitable medals be stamped and coined and several keys made to insure them the freedom of our fair city. Then at least we shall know that China has moved in and that we have gotten notice to move out. Thank you very much for your kind attention."

ISBRANDTSEN Co., Inc.
HANS JEPPESEN ISBRANDTSEN.

NEW YORK, March 3, 1950.

SECRETARY OF STATE,

State Department,

Washington, D. C.:

So that you will know, and knowing that the American people are becoming indignant that our Government is subservient and without a policy to protect American lives, property, and our flag on the high seas, which has caused a loss of face of this Nation throughout the world. The *Flying Arrow*, one of six American-flag ships to be shot up and molested by a supposed friendly people with little or no protection from our the greatest Navy in the world. The supposed friendly people whose representatives hanging around Washington and our country panhandling for more money and more equipment to carry on their murderous attack on our citizens and our flag. The *Flying Arrow*, full of shell holes, evidence of Chinese gratitude, arrives here tomorrow with heads bowed in shame for lack of American protection. We ask the procedure for arming our ships to protect our flag and citizens on the high seas. Your Department's weakness adds to American humiliation and our lack of policy. It is best clarified in Alice in Wonderland; everyone seems so confused, and the roads lead nowhere. International lawbreakers are condoned, if not encouraged to destroy American lives, property, and trade. The autocratic blackmailers hammering at our Treasury doors and are encouraged by our policy of billions for tribute, not for defense. Today American business and our merchant marine are slipping to a point of grave concern. We have financed our competitors until our tolerance is exemplified by lack of national pride and honor. We are slowly becoming a lawyer-bound and slave-thinking people slowly sinking to a degree of low wit and wisecracking as a subterfuge for national pride. Foreign nations recognize this weakness, which will lead to disaster.

ISBRANDTSEN Co., Inc.

DEPARTMENT OF STATE,

Washington, March 1, 1950.

MY DEAR MR. ISBRANDTSEN: I refer to your letter of February 17, 1950, requesting that you be informed of the contents of the note transmitted by this Government to the Chinese Government concerning the attack made by a Chinese naval vessel on the *Flying Arrow*. The text of this note is quoted for your information, as follows:

"The United States Chargé presents his compliments to His Excellency the Minister of Foreign Affairs and has the honor to refer to previous protests made by the United States Government against attacks by the Chinese Navy on United States flag vessels. On one occasion there was pointed out the unfortunate effect which repetition of such

attacks might have on relations between the two Governments. In spite of the representations which the United States Government has made and the extreme patience which it has exercised in this matter, a vessel of the Chinese Navy on January 9, 1950, attacked the United States flag vessel, *Flying Arrow*, on the high seas approaching the Yangtze River, and inflicted damage by gunfire which resulted in disablement of the *Flying Arrow* and necessitated repairs to it before the vessel could continue its voyage.

"The United States Government is now in possession of information on the basis of which it is conclusively evident that the attack on the *Flying Arrow* took place on the high seas. This is supported, in part, by an observing vessel's radar plot showing all movements of the *Flying Arrow* and the Chinese naval vessel between the hours of 0849 and 1050, beginning at the point 31 degrees 1 minute 38 seconds north latitude, 122 degrees 25 minutes east longitude to the Fairway buoy, where the *Flying Arrow* anchored. There is no evidence which indicates that the *Flying Arrow* proceeded to the westward of the Fairway buoy at any time. Moreover, it is apparent that the Chinese naval vessel resorted unnecessarily to armed force. Under the circumstances the United States Government considers the attack on the *Flying Arrow*, an unarmed merchant vessel, to be indefensible.

"The United States Government, therefore, holds the Chinese Government fully responsible for the violation of American rights on the high seas and expects to receive at the earliest possible date the assurances of the Chinese Government that there will be no repetition of such lawless attacks on United States flag vessels."

Sincerely yours,

LIVINGSTON T. MERCHANT,
Acting Assistant Secretary
for Far Eastern Affairs
(For the Secretary of State).

URGENT DEFICIENCY APPROPRIATIONS, 1950

The Senate resumed the consideration of the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

The VICE PRESIDENT. The committee amendments will be stated.

The first amendment of the Committee on Appropriations was, at the top of page 2, to insert:

LEGISLATIVE BRANCH

SENATE

For payment to Minnie E. Reed, widow of Clyde M. Reed, late a Senator from the State of Kansas, \$12,500.

The amendment was agreed to.

The next amendment was, on page 2, after line 4, to insert:

CONTINGENT EXPENSES OF THE SENATE

Miscellaneous items: For an additional amount for miscellaneous items, exclusive of labor, \$200,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 7, to insert:

HOUSE OF REPRESENTATIVES

For payment to Nora Bates, widow of George J. Bates, late a Representative from the State of Massachusetts, \$12,500.

The amendment was agreed to.

The next amendment was, on page 2, after line 11, to insert:

For payment to Mary Putzel Bland, widow of Schuyler Otis Bland, late a Representative from the State of Virginia, \$12,500.

The amendment was agreed to.

The next amendment was, on page 2, after line 14, to insert:

For payment to Clara Pronsky, sister of Martin Gorski, late a Representative from the State of Illinois, \$12,500.

The amendment was agreed to.

The next amendment was, under the heading "Independent Offices", at the top of page 3, to insert:

OFFICE OF THE HOUSING EXPEDITER

SALARIES AND EXPENSES

For an additional amount for "Salaries and expenses, Office of the Housing Expediter," \$2,600,000, to be used for the payment of terminal leave only.

The amendment was agreed to.

The next amendment was, on page 3, after line 17, to insert:

DEPARTMENT OF AGRICULTURE

CONTROL OF FOREST PESTS

Forest Pest Control Act

For an additional amount for "Forest Pest Control Act," \$4,500,000, to remain available until December 31, 1950.

The amendment was agreed to.

The next amendment was, at the top of page 4, to insert:

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS

Corps of Engineers

Flood Control

Flood control, general

For an additional amount for "Flood control, general," \$8,500,000, to remain available until expended.

Mr. HOLLAND. Mr. President, I did not understand the reading of the committee amendment; but I have an amendment to that particular part of the bill, and I desire to offer the amendment.

The VICE PRESIDENT. Unless it is an amendment to the committee amendment, it would not be in order at this time.

Mr. HOLLAND. Let me ask that the committee amendment be restated.

The VICE PRESIDENT. The committee amendment will be restated.

The LEGISLATIVE CLERK. At the top of page 4, it is proposed to insert:

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS

Corps of Engineers

Flood Control

Flood control, general

For an additional amount for "Flood control, general," \$8,500,000, to remain available until expended.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the Senate reconsider the vote by which the committee amendment at the top of page 3, in lines 1 to 5, was agreed to. That amendment calls for an additional amount for salaries and expenses for the Office of the Housing Expediter.

The VICE PRESIDENT. Is there objection to the request of the Senator from Tennessee?

Mr. GURNEY. Mr. President, reserving the right to object, I desire to propound a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. GURNEY. Was the amendment at the top of page 4 agreed to?

The VICE PRESIDENT. The Chair announced that the amendment at the top of page 4 was agreed to.

The clerk advises the Chair that the Senator from Florida has an amendment to that amendment.

Mr. McKELLAR. Mr. President, at the proper time I shall ask that we return to that committee amendment.

In the meantime I have requested that the Senate reconsider the vote by which the amendment at the top of page 3 was agreed to.

The VICE PRESIDENT. Is there objection? Without objection, the vote by which the committee amendment at the top of page 3 was agreed to is reconsidered, and the amendment is before the Senate.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. O'MAHONEY. Is it now in order to proceed to the consideration of that amendment?

The VICE PRESIDENT. Does the Senator refer to the committee amendment?

Mr. O'MAHONEY. Yes.

The VICE PRESIDENT. It is.

Mr. O'MAHONEY. Mr. President, I move that the concluding phrase of the amendment, in lines 4 and 5, namely, the words, "to be used for the payment of terminal leave only", be stricken out.

I make that motion because, in the first place, although I am a member of the Appropriations Committee, by reason of absence from the city I was not present at the meeting of the full committee at which that language was adopted. I feel that it was adopted under a misapprehension.

It will be recalled by Members of the Senate who participated in the debate on the independent offices appropriation bill in August 1949, that a budget estimate in the amount of \$26,750,000 had been submitted for the salaries and expenses of the Office of the Housing Expediter.

That item was cut down by the committee. There was prolonged debate. Many of us felt—and it certainly was presented to us with cogent argument by the Office of the Housing Expediter—that he could not operate with less than approximately \$21,000,000, as I recall. In any event, as the bill came from conference the conferees reported an amount of \$17,500,000.

The matter was discussed at length upon the floor of the Senate. It was pointed out by Senators from States with very large communities, such as New York City, Chicago, Philadelphia, and many other such communities, that the rent-control situation in those areas was still very acute, and that the appropriation should not be cut down.

However, when the conference report was submitted to the Senate, I made this statement to those Senators:

It was understood, however, by the conferees on the part of the House and the

conferees on the part of the Senate, that if the Housing Expediter were unable to make a sufficient reduction of personnel and of expenditures, in other words, if the demand for rent control in the United States continued, it would be without objection upon the part of the committee if he should submit later a request for a deficiency appropriation. The committee on conference felt that in January, for example, it would be much clearer whether or not the appropriation could be cut. There never was any intention on the part of the conferees of the Senate or upon the part of the conferees of the House that by the denial of funds the operation of the law should be prevented.

In order to confirm that understanding, I yesterday and again today conferred with the gentleman from Texas, the Honorable ALBERT THOMAS, chairman of the conferees on the part of the House, and he confirmed the impression I have just related to the Senate. That was the feeling of the House conferees.

In other words, it was the belief of the Appropriations Committee at the time, and the belief of the conferees, that the operation of the rent-control law should not be curtailed by action of the Appropriations Committee or by action of the Senate upon an appropriation, though, of course, the legal propriety of such action was recognized. We had the feeling that the determination of when rent control should actually terminate was to be left rather to the decision of the legislative committee having jurisdiction of the matter. Members of the Senate will recall that as the law presently reads, rent control will expire as of June 30. However, the budget estimate which was sent to the House and to the Senate with respect to this matter shows that, while there has been a substantial advance in decontrol, yet rent control is still in effect in many areas of the United States.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from South Carolina.

Mr. MAYBANK. Mr. President, what the Senator has stated is, of course, absolutely correct. I may only add there is now pending before the Congress a bill which has been introduced by the Senator from Pennsylvania [Mr. MYERS] since the action of the Appropriations Committee. The Committee on Banking and Currency has set the week of April 24 to begin hearings on the bill, at which time both the proponents and opponents will be heard on the question of whether rent control should be continued. But the law is in effect until June 30, and it is my belief that the Senate will have to decide some time in May whether it is to be continued another year, because the Committee on Banking and Currency hopes to report the bill to the Senate, either favorably or unfavorably. It is our duty to hold the hearings and to report something to the Congress for its consideration.

Mr. O'MAHONEY. May I ask the Senator from South Carolina whether hearings have been ordered?

Mr. MAYBANK. They have been ordered for the week of April 24. They begin on Monday of that week. I talked to the Senator from Pennsylvania [Mr. MYERS] about it. I feel certain the Appropriations Committee does not in-

tend by its action to take over whatever jurisdiction there may be in the Committee on Banking and Currency. I merely want to confirm what the Senator has said.

As chairman of the Independent Offices Appropriations Subcommittee the Senator from Wyoming handled this appropriation last September and October. He was absent recently when the matter came up in the committee. To be very frank, there was so much interest in the appropriation respecting terminal-leave pay that I became a little confused myself, as to whether the \$2,600,000 was all terminal-leave pay, or whether some of it was to continue the duties which the Congress had imposed under the Rent Control Act, which does not expire until June 30. In the meantime, the Congress will have an opportunity to act. Rent control will expire or continue by virtue of a bill that we intend to report to the Senate either favorably or adversely.

Mr. O'MAHONEY. Mr. President, I think I ought to say, if the Senator from South Carolina was confused, he never was confused during a session at which I was present. He was usually on the ball.

Mr. MAYBANK. I may say this item came from the Budget Bureau as affecting rent control probably in the second deficiency bill, without a realization that action will have to be taken in May.

Mr. O'MAHONEY. May I not ask the Senator to confirm my understanding? Is it not a fact that no hearings were had by the Appropriations Committee with respect to the termination of rent control?

Mr. MAYBANK. No; the distinguished chairman of the Appropriations Committee could not hold hearings as to when rent control should expire. The only hearings held had to do with the amount of money that would be necessary in order to continue the law now on the books.

Mr. O'MAHONEY. Let me ask the chairman about it.

Mr. McKELLAR. I shall be glad to answer. We had no hearing on it. The amendment was put in under the circumstances stated by the Senator from Wyoming. I have no objection to the amendment, which can be taken to conference.

Mr. O'MAHONEY. I was going to say, Mr. Chairman, that the budget estimate contains this statement:

Between April 1 and December 31, 1949, decontrol actions involving 2,400,000 dwelling units were approved. During this period 230 of the 599 defense rental areas were completely decontrolled. It is apparent that the need in other areas for dwelling units at rentals within the means of the middle- and lower-income groups, especially in large population centers, has not been met.

So, Mr. President, I make this motion in the belief that the matter is of such grave import to so many areas of the country that the disposition of the question of termination should be made only after a full-scale hearing in the Committee on Banking and Currency.

Mr. McKELLAR. It ought to be done by a legislative committee.

Mr. LEHMAN and Mr. IVES addressed the Chair.

The VICE PRESIDENT. Does the Senator from Wyoming yield, and if so, to whom?

Mr. O'MAHONEY. I yield first to the junior Senator from New York.

Mr. LEHMAN. Is it not a fact that if the action proposed by the committee prevails, it would represent an attempt to destroy rent control by eliminating the funds with which to operate the program, and would this constitute, in the Senator's opinion, legislation by appropriation?

Mr. O'MAHONEY. I may say to the Senator I think this provision got in by way of misapprehension rather than by way of an intent to deprive the Senate of the opportunity to consider the question.

Mr. McKELLAR. I want to assure the Senator from New York there was no such intention.

Mr. C'MAHONEY. I yield now to the senior Senator from New York.

Mr. IVES. Mr. President, I commend the able Senator from Wyoming for the statement he has just made, in line with the understanding which I think the distinguished junior Senator from Illinois and myself, in particular, had with him. We finally withdrew our objections to action on the bill last summer, when it was understood, at least in our own minds, that if the funds then provided were not sufficient to carry out the administration of rent control, additional funds would be provided for that purpose in the first deficiency bill this year. The able Senator from Wyoming has verified that understanding on our part, and, as I see it, the provision now in the bill, with the restrictive words stricken out which have been indicated by the motion of the Senator from Wyoming, will probably meet the situation until at least June 1; I am not at all sure, after that, and I should like to ask the Senator from Wyoming whether it would properly carry the administration through to July 1?

Mr. O'MAHONEY. Mr. President, I may say to the Senator from New York that the budget estimate was for \$3,600,000. The amount appropriated for the item is \$1,000,000 less than that, or \$2,600,000. I have made no motion with respect to that, in the hope that the Office of the Housing Expediter will be able to operate until the Committee on Banking and Currency has acted, within the \$2,600,000.

Mr. IVES. At least, would the Senator from Wyoming be willing to make more or less the same observation with respect to this amount that he made with respect to the \$17,500,000, on which we took action last year? In other words, if this appropriation is found not to be sufficient, I assume he will be willing to consider an additional appropriation for the purpose in the next deficiency bill.

Mr. O'MAHONEY. I am not the chairman of the deficiency subcommittee on deficiency appropriations. I have not had the opportunity of listening to any of the evidence this year, so I am not in precisely the same position in which I was at the last session of the Congress. Then, the evidence to sup-

port the request for the appropriation had been presented to the subcommittee of which I was chairman, and I was wholly within my knowledge of the facts when I made that statement in August last, to the Senator from New York and to other Senators. But I may say that since the facts will be developed at the hearing to be held by the Committee on Banking and Currency, if the facts developed should indicate clearly that additional funds are necessary in order to operate until the expiration of the law, whenever that may be, of course I could see no objection to the presentation of an additional deficiency request.

Mr. IVES. I thank the able Senator from Wyoming.

It occurred to me, Mr. President, that funds sufficient to administer the act, at least until the date of its termination on June 30, are absolutely essential if it is not to break down completely. I appreciate the fact that my distinguished colleague has indicated and, I presume, will indicate even further, that if funds are inadequate in New York State there will be complete chaos until the State can enact a statute of its own. Whether the State will do anything of that kind, I do not know. There are rumors to that effect. The fact remains that it behooves the Federal Government, until the time set in the act, which is June 30, to provide funds essential for its administration. What we may do next year is something else. Personally, I think rent control should be continued, but the fact remains that that is not the question before the Senate at this time. The question is whether the act shall be properly carried out and administered. I think it is most vital that sufficient funds for that purpose be provided.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. IVES. I yield.

Mr. LEHMAN. Mr. President, I am in complete agreement with the remarks of my colleague, the senior Senator from New York. I merely wish to ask him one question. Even in the event that New York State shall pass its own rent-control law, as I hope will be the case, is it not a fact that it would take many weeks after the enactment of the law to establish adequate State machinery so that the protection would remain unabated for a considerable period of time?

Mr. IVES. The answer to the Senator's question is emphatically "Yes"; it is most essential that an appropriation be made.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wyoming to the committee amendment.

Mr. GURNEY. Mr. President, if the Members of the Senate will turn to pages 110 and 111 of the committee hearings, they will notice that out of the appropriation last year \$17,500,000 for rent control there was obligated, up to the first of the year, \$11,000,000. Inasmuch as the rent-control law is to expire on June 30, the Office of the Housing Expediter should prepare to suspend activities by cutting down on personnel

each month, right up to June 30, the date of the expiration of the law.

If Senators will look at the next to the last paragraph on page 111, it will be noticed that the agency had 5,462 employees on August 24, 1949. That number was reduced to 4,153 by December 31. It is quite certain that with the expiration of the Rent Control Act on June 30, there is no necessity for continuing a force of even that size, up to the date of June 30. There will be a reduction in applications for rent increases, because it takes longer than 3 or 4 months to process such applications. All that is needed is sufficient personnel to look into the facts and determine whether rents are actually being charged by landlords in accordance with those which are now authorized.

As the Senate knows, the agency will not be without money even if no further appropriation is made. It has expended \$11,000,000 up to the first of the year. That gives it a little more than \$3,000,000 or \$7,000,000 for the period from January up to June 30. If the agency continues up to June 30 with 4,000 employees, as indicated, then, after June 30, Congress will be faced with an obligation of providing terminal-leave pay for those employees who will certainly have to be discharged by June 30 unless rent control is extended beyond that period. The terminal-leave obligations for those 4,000 or 5,000 employees will amount to more than \$3,000,000, possibly \$3,500,000.

That was the basis on which the Senate Appropriations Committee considered this item. It felt that personnel could be laid off more rapidly than is presently the plan of the Housing Expediter. It felt that as employees are laid off, anticipating the end of rent control on June 30, the agency should have money to take care of the terminal-leave pay to which the personnel is entitled under the present law. Therefore, we were willing to appropriate the largest part of the terminal-leave pay, but we were not in favor of giving the agency funds to operate at the same rate as it operated in the first 6 months of the fiscal year. It was the sense of the members of the committee, on both sides of the table, that reductions should be made monthly to bring to an end the function of the Housing Expediter completely by June 30. If we take the action now proposed, we can cut down on the terminal leave, conform to what Congress authorized when it said that rent control should expire on June 30, and we can save the additional amount of money which will certainly be asked for if we now do anything to indicate that the money may be used in any way the agency sees fit. Certainly the committee was almost unanimous; indeed, it was unanimous, as I remember, in that the committee members who were present and heard the evidence had no objection to the amendment in the way it is now reported in the committee print.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. GURNEY. I shall be glad to yield to the Senator from Wyoming.

Mr. O'MAHONEY. The Senator has called attention to page 110 of the hearings on the bill. If the Senator will look at the last line on page 110 he will see that the supplemental appropriation required is set forth as \$3,600,000.

Mr. GURNEY. Provided that Congress is willing to allow the agency to operate at the same rate of speed or possibly at even a faster rate of speed than that at which it was operating before the first of the year.

Mr. O'MAHONEY. If the Senator will permit me to call his attention to one or two other figures, he will observe that at the beginning of the paragraph entitled "Estimated Supplementary Appropriation, Fiscal Year 1950," it is set forth that the actual obligation during the first 6 months was \$11,652,614.

Mr. GURNEY. That is the figure to which I called attention.

Mr. O'MAHONEY. Then it will be observed, from the fourth line from the end of the page, that the estimated obligations for the last 6 months are \$9,447,386. That makes an estimated total obligation of \$21,100,000. The supplemental estimate provides \$21,100,000, but by the amendment as my motion would leave it, instead of appropriating \$3,600,000 to provide a total of \$21,100,000, we shall be providing only \$2,600,000, and the total amount for the year will be \$20,100,000 instead of \$21,100,000.

Mr. GURNEY. That is entirely correct. That is the exact figure to which I called attention. However, if the words "to be used for terminal leave only" are stricken out, Congress will be faced after June 30 with the terminal leave requirement which will be due this personnel, and that will mean another \$3,500,000.

Mr. O'MAHONEY. Does not the Senator feel, as I certainly do, that since a Member of this body has introduced a bill to continue rent control, and several Senators believe, as indicated by what has been said by the senior Senator from New York and his junior colleague that it is felt by responsible people, in some parts of the country, at least that rent control should be extended, in all fairness the Committee on Appropriations should permit the appropriate legislative committee to hold hearings and determine what the facts may be?

Mr. GURNEY. In the first place, I am not sure that any legislation providing for the extension of rent control will be passed. Second, the Committee on Appropriations should not appropriate to finance a bill which is in prospect. Third, we know that if this \$2,600,000 is given to the agency now, it will keep a larger staff, with a greater expenditure, than the committee presently feels is necessary, in view of the expiration date of the present law. Fourth, if we accept the Senator's amendment, we know we shall be faced with another request for \$3,500,000, which I say the country, in its present budgetary condition, cannot afford.

Mr. O'MAHONEY. The Senator stated, as one of his reasons, that we should not appropriate for a bill which is in prospect.

Mr. GURNEY. That is correct.

Mr. O'MAHONEY. That is not what the committee is doing, nor is it what I seek to do.

Mr. GURNEY. In my opinion, that is what would be done.

Mr. O'MAHONEY. By my motion we would be appropriating for a law which is presently in existence, to enable the Housing Expediter to carry out the existing law. My feeling is that the Senate should not, by action on an appropriation bill, cut down the term which Congress has already provided for the operation of rent control.

Mr. McKELLAR. Mr. President, will the Senator from South Dakota yield?

Mr. GURNEY. I should first like to answer the Senator from Wyoming, and then I shall be glad to yield. There is a difference of opinion between the Senator from Wyoming and me. Our committee was in full concurrence that the agency presently has sufficient money to carry on the functions which should be carried on to satisfy all demands of all applicants from the various areas of the country which are still under rent control. We felt it had had plenty of money. Certainly it has two or three million dollars left for the last 3 or 4 months of the year. In order to give the officials of the agency notice, so that they will know that they will have to take care of the personnel on June 30, we appropriated almost all of the terminal-leave funds they will need as of June 30.

I now yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, the Senator will recall that it was testified by at least one witness, and I believe by several witnesses, that after April 15, under the law which will be effective until June 30, they will have no money at all on which to run. They will be virtually closed up. We do not want that to happen.

In the next place, this is a legislative provision. There can be no doubt about that. If, as the Senator suggests, the agency is left without any money, it will be closed up on April 15.

However, a legislative committee is in charge of a bill now which will determine whether the law shall be continued or not. Action should be taken on that bill. The Committee on Appropriations ought not to put legislative provisions of this kind in the bill.

The committee agreed to this amendment very hurriedly, and nonchalantly, if I may so describe it. We did not have much controversy about it. I think that a legislative committee ought to report legislation providing whether we are to have rent control after June 30, and we ought to keep the rent-control organization in money until that time.

Mr. GURNEY. In reply to the Senator, I will say that I am not convinced that the agency would be without funds on April 15.

Mr. McKELLAR. That was the testimony. I do not know anything about it otherwise.

Mr. GURNEY. My memory does not give me the same answer the Senator from Tennessee has stated; but I should like to see the testimony. Certainly it was the conclusion of the committee that

the agency would have enough money to carry on, though I will admit, with a skeleton organization, decreasing progressively each month. If they did that, and cooperated with Congress in a sincere endeavor to close up shop, in accordance with the present law, which will expire on June 30, they would have sufficient funds to do so. I should like to say to the Senator, too, that the Committee on Appropriations studied the matter and gave it some consideration. They took more than an hour and went into various phases of it, with a goodly number of committee members present at the committee hearing, and I believe the subject had more than merely off-hand consideration.

Mr. McKELLAR. Mr. President, I find that I made one little mistake. I gave the date as April 15. The Housing Expediter fixed the date as April 13, and said they would need the money from April 13 to June 30.

Mr. President, we should make that money available to the office of the Housing Expediter. A great many States have abandoned rent control, and under the law they have a right to say whether they should have it or not. A great many have said they do not want it; others have said they do want it. The law is on the books, and, in my judgment, we should give the Housing Expediter a reasonable amount with which to operate his organization until June 30.

Mr. GURNEY. Mr. President, I feel that Congress took very commendable action last year in appropriating only \$17,500,000, believing that in different areas of the country local laws would be passed abandoning rent control in those particular localities. That has actually been the case, and the committee was informed that more than 95 percent of the area of the United States is presently out from under rent control.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. GURNEY. For my part, I do not care to debate the matter longer. I am sure that presently the agency has sufficient money with which to carry on its necessary functions, if it has a sincere desire to wind up its affairs, as the present law authorizes it to do.

Mr. WHERRY. Mr. President, will the Senator from South Dakota yield?

Mr. GURNEY. I yield to the Senator from Nebraska.

Mr. WHERRY. Mr. President, the distinguished Senator from South Dakota was present at the time most of the members of the committee were discussing this appropriation. I am a member of the committee, and I ask him whether it is not a fact that it was brought out clearly to the members of the committee that there was not before either the House or the Senate a bill asking for extension of rent control, except one bill which would extend rent control in the District of Columbia. Is not that true?

Mr. GURNEY. I think that was the information given us. We had no information to the effect that there was any bill which was supposed to come out of some committee in the very near future.

Mr. WHERRY. At the time this matter was being discussed, I am sure the Senator from South Carolina [Mr. MAYBANK] chairman of the Committee on Banking and Currency, was present, and I believe I addressed a question to him as to whether it was contemplated that there would be any further extension of rent control, and if I am correct as to the response given, he said that with the exception of one bill, relating to the District of Columbia, at that time there was no bill in either House asking for the extension of rent control.

Mr. MAYBANK. Mr. President, will the Senator from South Dakota yield?

Mr. GURNEY. I am glad to yield to the Senator from South Carolina.

Mr. MAYBANK. Mr. President, as chairman of the Committee on Banking and Currency, I was asked at that time the question indicated, as to whether there was in either House a bill providing for extension of rent control, and I said there was not.

Mr. WHERRY. Except as to the District of Columbia.

Mr. MAYBANK. I spoke positively. Since that time the Senator from Pennsylvania [Mr. MYERS] has introduced a bill to extend rent control. I should like to explain the situation a little more fully.

The law will not expire until the 30th of June. There was no bill pending at the time of the discussion referred to. Since that time the Senator from Pennsylvania has introduced a bill, as I have said. In justice to the Senator from Pennsylvania and other Senators who have talked to me, including the Senator from Illinois [Mr. LUCAS], I set April the 24th for hearings on the subject. But that has nothing to do with the question now before the Senate.

Mr. WHERRY. May I ask another question?

Mr. GURNEY. I yield to the Senator from Nebraska.

Mr. WHERRY. It does have everything to do with the question before the Senate. Is it not true that the Senate Committee on Appropriations acted on the belief that there would not be an extension of rent control, and that the thing to do was to taper off the agency, with the thought that they had sufficient money on hand to get along, by earmarking \$2,600,000 for terminal-leave pay? Was not that what took place?

Mr. GURNEY. That was what took place and even though we knew there was a bill in committee, or which had even been reported by a committee, I do not feel that the Committee on Appropriations should now appropriate for a measure which has not yet passed, and is not on the statute books. My judgment is that such a measure will not be passed.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. GURNEY. I yield.

Mr. MAYBANK. The only request I have received is that the Senate appropriate money in connection with the law which is on the statute books, which does not expire until June 30. If we do not make the requested appropriation, then, as the distinguished chairman of the

Committee on Appropriations has said, the rent-control funds will be exhausted by the 13th of April. The Office of the Expediter has now only \$900,000; therefore there will be no money with which to enforce the law in New York, Chicago, Philadelphia, and other large cities. While the statement the distinguished Senator from South Dakota has made is eminently correct to the effect that 95 percent of the area of the United States is not under rent control, that does not mean that 95 percent of the population is not under rent control. I dare say if we consider the total population we will find that the situation is almost 50-50, that is, that half the people are not under rent control and half the people are under such control. Seventy-four cities of a total of ninety which have more than 100,000 population have rent control today and have refused to do anything to change it. The State of California is under rent control. Large cities from New England to California are under rent control. If we fail to make the appropriation the agency will have no money with which to carry out the provisions of the law from April 13 until June 30.

Mr. GURNEY. Mr. President, it is the opinion of the Senator from South Dakota that the agency would have money after April 13 if it would taper off its personnel and retain only the personnel necessary to police rent controls now in existence. If the agency does that it will have sufficient money to retain a sizable force until June 30.

Mr. President, I have presented about all the thoughts I have on this particular item.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. GURNEY. Yes.

Mr. DOUGLAS. When the Senator from South Dakota made the statement that 95 percent of the country was decontrolled, I assume he referred to area and not to population. Is that correct?

Mr. GURNEY. That is correct.

Mr. DOUGLAS. I assume the Senator from South Dakota knows that while nearly 3,000,000 units have been decontrolled during the last year, there are still 11,400,000 housing units which are under rent control. As I remember, the over-all figures are approximately as follows: There are about 35,000,000 non-farm dwelling units in the country, and these are approximately evenly divided between rental units and houses owned by the occupants. So that we have roughly this result, that two-thirds of the rental units of the country are still under rent control.

Mr. GURNEY. Does the Senator believe that even though the agency should close its doors, and not have any employees from now until June 30, the rentals for those units would be increased, in view of the fact that the law would still be in existence until June 30?

Mr. DOUGLAS. The law would be technically in existence until June 30, but in the absence of enforcement I think we can be quite certain that rents would be increased, because no law is better than its enforcement.

Mr. GURNEY. It will be only a matter of a few months. I am sure no one would want to jeopardize his standing in the community by raising rents before the law expires. But I still say there is sufficient money left in the agency to operate whatever police force is necessary for the remainder of the fiscal year.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. GURNEY. I yield.

Mr. McKELLAR. This is simply a matter of being perfectly practical. We have a request here for an additional appropriation so the agency may operate until June 30.

Mr. GURNEY. That is correct; and operate it at its present speed.

Mr. McKELLAR. There is not sufficient money provided in the bill to do that.

Mr. GURNEY. That is correct, if we want the agency to operate at its present speed.

Mr. McKELLAR. At its present speed, yes.

Mr. GURNEY. That is correct.

Mr. McKELLAR. The Senate would be legislating if we were to cut down the operation of the agency below its present speed. What we should do is to adopt the provision for \$2,600,000 and let the Expediter come before the Congress between now and June 30, which he has a right to do, which he can do, and ask for additional appropriations. If the Congress gives them to him, feeling that it is necessary to do so, very well; but if Congress feels it is not necessary to give the additional money to him, it should not do so.

I think rent control should be done away with as quickly as possible. But so long as the rent-control law is on the statute books it is the duty of the Appropriations Committee to furnish the money so that the law as it now is can be carried out; not as we might individually wish it to be carried out. So far as I am concerned, I think that is what the provision does.

Let us have a vote on the committee amendment.

Mr. GURNEY. I will answer the Senator, and then take my seat. I totally disagree with the thinking of those who want to keep the rent-control enforcement office operating at its present speed, in view of the fact that the agency certainly does not have to handle anywhere near the amount of paper work or do the amount of policing in the restricted area that has been done in the past. The agency has plenty of money to continue to operate at the speed it should operate, and taper off, with the knowledge that June 30 is the deadline. I want to reiterate that if the Senate adopts the amendment as it is presently framed we shall be faced with another request for an additional three-and one-half million dollars.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wyoming [Mr. O'MAHONEY] to the committee amendment.

Mr. MYERS. Mr. President, I want to add my support to what the distinguished senior Senator from Wyoming

[Mr. O'MAHONEY] has just said. He has reviewed for us, though I am sure most of us recall this well, the discussion which took place in the Senate last August. At that time we were considering the appropriation item required to operate the Office of the Housing Expediter. I am absolutely sure that a large majority of the Senate and the House would never have agreed at that time to less than the total amount necessary to administer the rent-control law we had passed but a few months earlier if there had not been the understanding made then that the balance of the funds would be forthcoming early this year to give that law the full force and effect we intended.

It seems to me, Mr. President, that some Senators are already convinced and agreed that we are not going to have any rent control beyond July 1. They have come to that definite conclusion, and therefore they believe we should stop it in April, rather than in June, thus breaking the promises we made through legislative enactment to the people of the country.

I should like to say in connection with rent control generally that, although I opposed the local option provision in last year's Rent Control Act at that time, I now keenly appreciate the fact that this provision furnishes us today with the safest rule-of-thumb measure we have for the still existing need of rent controls.

Mr. President, that local option provision in our Federal law last year has not been exercised to any marked extent. I am absolutely convinced, Mr. President, that communities and States all over the country would have gone ahead and decontrolled their rents locally if they felt it could be done safely at this time. Instead, communities and States from one end of the Nation to the other have relied in good faith upon the congressional promise made last year that the Federal rent-control law would extend in full force at least until the last day of June 1950. The largest number of communities and States in which rent controls are still to be found have made no separate provisions in view of that promise we gave them.

If we were to decide today that the office of the Housing Expediter should undertake to wind up its affairs by the 1st of July, it would mean literally that rent controls would start to collapse almost at once. I think this is perfectly obvious because it means that plans would necessarily be made to terminate their present personnel force in progressive steps, and as a result, there would be nothing left of this program within a matter of weeks. I repeat, we cannot renege on the promise held out in the law we adopted last March.

I think it is also important for us to think in terms of what Congress is likely to do on extending rent control beyond the present expiration date of the law. As I have already indicated, I believe we have a qualitative means of determining the need of rent control beyond July 1 as a result of the fact that the local option provision has been but little used. This certainly satisfied me as to the immediate necessity for carrying through the law beyond July.

Mr. McKELLAR. Mr. President, will the Senator yield at that point?

Mr. MYERS. I am happy to yield to the Senator from Tennessee.

Mr. McKELLAR. The point was raised by some Senators on the other side of the aisle that they wanted the operations of the agency to taper off. The committee has very properly signified its desire that the agency taper off, by reducing the appropriation from \$3,600,000 to \$2,600,000.

Mr. MYERS. I may say that I am in perfect accord with that. I indicated at the beginning of my remarks that I wholeheartedly support the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY]. I think the committee itself said that the funds proposed to be appropriated will still necessitate the tapering off. If it is found later that further funds are required, the agency can come back to Congress and make a request for such funds in a second deficiency bill. But this proposal certainly does not mean that sufficient funds will be appropriated for the Housing Expediter to carry through until July 1 with the same amount of personnel under which he is now operating. I agree wholeheartedly and thoroughly with the Senator from Tennessee and the Senator from Wyoming.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. MYERS. I yield.

Mr. MAYBANK. In order that there would be a tapering off, the subcommittee made provision for a reduction of 500 employees before the matter went to the full committee.

Mr. MYERS. That is correct. I think the committee has been very fair. I believe it has been as fair to the Housing Expediter and the people and the Congress as it possibly could be.

Mr. President, I feel it is a strong indication that Congress should go most carefully into rent control extension in the next few months to determine the desirability of an extension running for at least another year.

I am assured by the Senator from South Carolina, chairman of the Committee on Banking and Currency that he intends to begin hearings on an extension bill early next month. Of course, thereafter Congress will have an opportunity to determine whether control should be extended.

Last Friday, the 3d of March, I was away from Washington on official business, but on that day, the distinguished majority leader [Mr. Lucas] introduced a bill for himself and for me to extend rent controls for another year, or in other words, until June 30, 1951. That bill, S. 3181, was referred to the Senate Banking and Currency Committee. Before submitting the bill both the Senator from Illinois and I discussed the matter with the distinguished chairman of the Banking Committee [Mr. MAYBANK] and he assured us that he would schedule hearings on our bill just as quickly as they could be crowded into the schedule of his busy committee. I repeat that it is my understanding that the hearings will start early in April, although probably it will be the 24th of April before

the committee will put this question on its agenda.

The Banking and Currency Committee, as I know it has done in the past, under the leadership of the able Senator from South Carolina [Mr. MAYBANK], will, I am certain, do a thorough, careful job of fact-finding in respect to rent control, and will give us the answers.

Then, later in the spring, we can determine where we should go next year in regard to rent control.

For the present, however, I am satisfied the Senate and the House have a moral obligation to carry rent control forward within the full meaning of the law we passed last year if we are to deal in good faith with the people all over this country who have relied upon the policy we established last March.

So, Mr. President, I urge the Senate to adopt the amendment submitted by the distinguished senior Senator from Wyoming [Mr. O'MAHONEY] to the committee amendment on page 3.

I sincerely thank the Senator from Tennessee for the courtesies he has extended to those of us who have been interested in this subject. I know that in making this recommendation he is doing what he believes is best for our country; and I wholeheartedly join with the Senator from Tennessee in supporting the amendment offered to the committee amendment by one of the members of the Appropriations Committee, the Senator from Wyoming [Mr. O'MAHONEY].

Mr. IVES. Mr. President, there are two matters which I should like to point out in connection with the continuation of rent control during the remainder of the current fiscal year. That is what we are really faced with in this particular instance. It is not a matter of whether rent control shall be continued next year. I think we should make that point clear among ourselves.

There are some figures which I should like to have in the RECORD for purposes of our consideration.

First of all, the rate of decontrol is highly unpredictable, whether by local option, State action, or the Housing Expediter's own initiative. During the period April 1, 1949, through January 26, 1950, a total of 703 decontrol actions were taken, but savings resulting from these decontrol actions amounted to only 581 employees with total annual salaries of \$2,151,779.

Second, the work load in landlord and tenant cases in the area offices increased 59 percent over the work load for the corresponding period of 1948, in spite of the 703 decontrol actions, and the work in the larger offices is still increasing as of today.

Third, there are still about 12,000,000 units under control in communities with a population of 77,000,000, and they will be entitled to service under the act until June 30 of this year.

In that connection, Mr. President, I should like to point out that when we consider the 77,000,000 people now under rent control we understand the great disparity which occurs when we consider the statement that 95 percent of the areas now are decontrolled. I think the

distinguished junior Senator from Illinois [Mr. DOUGLAS] emphasized that point, and I now provide the figures.

Fourth, out of the 90 cities of 100,000 or more population, 74 of them have elected to stay under Federal rent control, and offices must be maintained to serve the public in those cities.

Fifth, out of 1,555 communities of 5,000 population or more under rent control on April 1, 1949, approximately 1,000 are still under rent control, and the law will have to be enforced in those communities in order to give justice and equity to both landlords and tenants. Alabama and Virginia have taken decontrol actions, but will have to be serviced to their effective dates, which are May 25 and June 25, respectively.

Mr. President, I indicated the effect this would have on the State of New York. I admit that perhaps I am selfish in my approach to this matter. However, after all is said and done, New York State does have a sizable percentage of the population of the United States, and quite a large percentage of the population in the State of New York is located in the city of New York. I can well appreciate the great difficulty which will be faced, especially by the city of New York, if the administration of this act is seriously curtailed between now and presumably June 30, because even though the State may take action by which the State itself will take over rent control as of May 1—as is reported in the newspapers this morning—the fact nevertheless remains that probably there will be some delay between that date and the date when the administration of that control can be effectively put into operation. My distinguished junior colleague from New York [Mr. LEHMAN] already has pointed that out in a question he raised with me.

So it is most vital that this appropriation be granted in full—I am speaking now of the \$2,600,000 item, not about any other figure—without any strings attached. If by the time we have before us a subsequent appropriation bill or a deficiency appropriation bill, it is indicated that more money will be needed even if there is to be decontrol. If the Federal Government is going to step out of the picture entirely—and certainly we do not know anything about that at this particular time—then will be the time to take appropriate action in such particular deficiency appropriation.

But until that time comes, we must accept the condition with which we are faced. We must provide adequate funds, in order to make sure that, insofar as the Federal Government is concerned, rent control is properly and adequately administered as long as it is in effect.

Therefore, Mr. President, I am very strongly in favor of the amendment offered by the distinguished Senator from Wyoming [Mr. O'MAHONEY] to the committee amendment, by which he would strike out the words "to be used for the payment of terminal leave only."

Leaving those words in the bill definitely would qualify the applicability of the appropriation, and in and of itself might make the funds wholly insufficient and ineffective.

The PRESIDING OFFICER (Mr. JOHNSTON of South Carolina in the chair). The question is on agreeing to the amendment of the Senator from Wyoming to the committee amendment at the top of page 3.

Mr. CAIN. Mr. President, I shall oppose the amendment offered by the senior Senator from Wyoming to the committee amendment, but at the same time I shall offer an amendment in the form of a compromise, which I think will, if adopted, permit the Office of Housing Expediter to carry out its duties in a reasonable and practical way until the Congress determines whether the present law, which is due to expire on June 30, 1950, is to be continued in the future. The junior Senator from Washington is prepared to offer an amendment which would provide \$1,400,000 to the Office of the Housing Expediter, to be used by that Office between now and the termination date of the law, for operational or current purposes.

The Senator from Wyoming has suggested that the words in the committee amendment which would restrict the use of the \$2,600,000 for terminal pay purposes be eliminated, and that the \$2,600,000 be made available for operational and office expense purposes of the Office of the Housing Expediter.

The primary difference, as of this time, between the position of the Senator from Wyoming and the position of the junior Senator from Washington is that the latter is of the opinion that the Housing Expediter can do a competent job with the sum of \$1,400,000, rather than with the sum of \$2,600,000, which the Senator from Wyoming has recommended.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. CAIN. I am glad to yield.

Mr. MYERS. Is the Senator from Washington recommending \$1,400,000 up to July 1 of this year; and does the Senator think that is a sufficient amount with which to operate the Office of Housing Expediter until the expiration of rent control under the present law?

Mr. CAIN. A decision as to whether the present law is to be continued or discontinued in the future is to be recommended, I take it, by the Banking and Currency Committee at a later date. I am now offering an amendment to provide \$1,400,000 for use by the Housing Expediter, in addition to what he already has had appropriated to him, for operating his office between now and the expiration of the law on June 30, 1950.

Mr. MYERS. Mr. President, will the Senator yield further?

Mr. CAIN. Yes; I yield.

Mr. MYERS. I am informed that the money he now has will permit him to operate only to about April 15, and that from April 15 on, that Office will be without funds for operating expenses. The Housing Expediter asked for a budget of \$3,600,000, I believe; but the Senator from Washington proposes, instead of the larger amount, that it be cut to \$1,400,000.

Mr. CAIN. Yes.

Mr. MYERS. Of course, that means a considerable curtailment in enforcement, if the smaller amount is provided.

Mr. CAIN. If the smaller amount is provided, I think it necessarily will mean that the Office of the Housing Expediter will continue in a status of what amounts to liquidation, because every day and every week and every month, more and more units are being removed from rent control.

I am very glad the Senator from Pennsylvania has raised this question, because he has said that he is informed that the Office of Housing Expediter will be out of money on April 15. What the Senator actually means to say, I am sure, and what in effect he has said, is that his informant was the Office of the Housing Expediter. The junior Senator from Washington is happily among the first to admit that if we accept as being legitimate or accurate the request of the Housing Expediter for an additional sum of money with which to operate until June 30, 1950, obviously he needs what he asks for. But, without any personal prejudice either to the Housing Expediter or to the operation of his agency, I ask the Senator and the Senate as a whole, this question: What reason have we to believe today that the request the Housing Expediter makes is an accurate and a factual one, in the face of not one but of a good many requests or presentations made in the past by the Office of the Housing Expediter, which have turned out to be anything but reliable or accurate? So the junior Senator from Washington, against the presentation made recently to the Appropriations Committee by the Housing Expediter, wishes to suggest that \$1,400,000 will enable the Expediter to do as competent a job as would the \$3,600,000 recommended and requested by the Housing Expediter. That is the story in a simple form.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. CAIN. I yield.

Mr. MYERS. Of course, the Senator recalls that when we were considering the item last year, it was said, not only by the Housing Expediter, but by others, that it was not believed that the \$17,500,000, which was appropriated at that time, would be sufficient for the Housing Expediter to operate for the entire fiscal year. Many disagreed with him when he said that was correct.

Mr. CAIN. Yes.

Mr. MYERS. But the Senator himself now believes that at least an additional \$1,400,000 is necessary, and so when we gave him such a severe cut last year, I am sure the present situation is evidence and is an indication that we did not appropriate for the Housing Expediter sufficient money with which to operate his Office for the entire fiscal year.

Mr. CAIN. Last year, as I recall, the Housing Expediter asked us for \$27,000,000. The request was twice cut. The assertion was made on the floor by many Senators, when agreement was reached on \$17,500,000, that perhaps it would not be sufficient. In the opinion of the Housing Expediter it turned out to be insufficient, and so very recently he asked for an additional sum of \$3,600,000, which, if he received it, when added to the \$17,500,000, would be several million

dollars less than what he had said before committees of the Congress a few months ago he could not get along without.

Mr. MYERS. It would be approximately the same amount.

Mr. CAIN. There has been no instance in which the Housing Expediter has not missed the factual situation. That is all we are talking about.

Mr. MYERS. It was approximately the same amount as that which was advocated and allowed by the Senate committee last year.

Mr. CAIN. Yes.

Mr. MYERS. It was approximately that amount.

Mr. CAIN. I think that is correct.

Mr. MYERS. If the Senator will yield further, I think the difference between the Senator and myself is, the Senator believes that \$1,400,000 will be sufficient.

Mr. CAIN. Yes.

Mr. MYERS. That is, if the Office is in the process of liquidation.

Mr. CAIN. Yes.

Mr. MYERS. And if he can liquidate by July 1.

Mr. CAIN. His responsibilities are being liquidated each week.

Mr. MYERS. Since hearings have been set by the Committee on Banking and Currency to begin April 24 on the question of extending rent controls for 6 months, for a year, or for some other period, does not the Senator believe that it is a matter for the committee to determine, rather than for us, in an appropriation, to order the Housing Expediter to liquidate?

Mr. CAIN. We are not ordering him to liquidate, under the motion which the junior Senator from Washington intends to make.

Mr. MYERS. I understood the Senator to say the \$1,400,000 will enable the Housing Expediter to continue his operations in a liquidation process.

Mr. CAIN. Yes.

Mr. MYERS. So I should think it would be in effect an order to liquidate, because we are saying to the Housing Expediter, "We are going to give you so much money, and that is all we are going to give you. It will be sufficient to continue your operations until July, provided you liquidate your organization. By July 1 you should be almost, if not completely, liquidated." That is in effect what we are telling him. I think it is the job of the Committee on Banking and Currency rather than of the Appropriations Committee, and rather than for the Senate itself, because we told the people when we extended rent control that it would continue until July 1. I assume we also intended to make it operative and to provided a sufficient enforcement section to enable it to operate. I understand the Senator's position. I think he wants to liquidate rent control by July 1. I want to liquidate it as soon as we can.

Mr. CAIN. I differ with my friend in his use of the word "think." I know what the junior Senator has in mind with reference to liquidating the rent-control program as a national matter. The Senator from Pennsylvania knows that the Senator from Washington seeks to rid this country of the public management of private property at the earliest possible moment.

Mr. MYERS. I did not want to be that affirmative. I said I thought he did, but I shall take it for granted, in view of the Senator's statement.

Mr. CAIN. It is a matter of fact, not of assumption.

Mr. MYERS. Therefore, let us understand that the Senator from Washington is advocating an appropriation of \$1,400,000, on the theory that it will be sufficient, provided rent control is liquidated by July 1.

Mr. CAIN. No; perhaps I have not made myself as clear as I should have wished. My opinion is that \$1,400,000 will provide the Housing Expediter with an adequate sum of money to discharge properly, effectively, and efficiently his ever decreasing responsibility, between now and June 30, when the law, as it now reads, is supposed to terminate. That is not to say that on June 30 there will be a complete elimination of rent control throughout the United States, but, based on facts which I hope to present in a few moments for the consideration of the Senator from Pennsylvania, and which came from the Office of the Housing Expediter, if his figures show conclusively—as they do—that more and more units throughout the country are daily, weekly, and monthly becoming decontrolled, it obviously follows that the Office of the Housing Expediter does not need as much money to administer the law, in May, for example, as he did in either of the first 3 months of the year.

Mr. MYERS. I shall be very much interested in the figures, when we come to them. I think we may then have a basis of further discussion.

Mr. CAIN. I express my appreciation of the reasoning of the Senator from Pennsylvania manifested in the questions which have been raised. At this stage of the argument, I believe I have one slight advantage over the Senator, in that I expect to present certain figures, which the Senator from Pennsylvania must deny on the basis of facts before he concludes that my amendment proposing \$1,400,000 is not in the public interest.

Mr. MYERS. I shall be happy to wait for those figures and facts.

Mr. O'MAHONEY. Mr. President, will the Senator yield for a question?

Mr. CAIN. I am glad to yield to the Senator from Wyoming at any time.

Mr. O'MAHONEY. Has the Senator presented the form of his amendment?

Mr. CAIN. The nature of it is—

Mr. O'MAHONEY. I understand the nature of it.

Mr. CAIN. It is to make the amount of \$1,400,000 available to the Office of the Housing Expediter.

Mr. O'MAHONEY. The committee amendment which is before us reads:

For an additional amount for salaries and expenses, the Office of the Housing Expediter, \$2,600,000, to be used for the payment of terminal leave only.

My motion was to strike out the phrase "to be used for the payment of terminal leave only," so that the \$2,600,000 could be used for any purposes for which there is a legal authorization.

Mr. CAIN. I understand.

Mr. O'MAHONEY. It is my understanding that the Senator proposes to add to the committee amendment as it

stands before us, words to the effect that "and \$1,400,000 for general purposes," or something to that effect?

Mr. CAIN. The Senator is entirely correct. That is my intention.

Mr. O'MAHONEY. And it is the Senator's belief that \$1,400,000 would be sufficient, and he intends to explain his reasons for that belief—

Mr. CAIN. Yes.

Mr. O'MAHONEY. Is it his belief that it would be sufficient to finance the Office of Housing Expediter on a constantly decreasing scale, until June 30?

Mr. CAIN. That is entirely correct. I do not seek to put the Office of the Housing Expediter out of business by refusing him reasonable appropriations.

Mr. O'MAHONEY. I am very much interested in hearing the Senator say that, because I should like to point out to him and to other Members of the Senate that the State of Virginia, for example, by its legislature, recently voted to terminate rent control in the State of Virginia, on the 25th of May. For reasons which were satisfactory to the Legislature of the State of Virginia, it was not the purpose of the legislature, nor was it the effect of the law that it passed, to cut off rent control immediately. So the Senator is saying to us, it is his desire, it is his belief that rent control can and should be terminated as of June 30, that \$1,400,000 will be sufficient to do it; and for the present, he is willing to have appropriated \$1,400,000 for that purpose.

Mr. CAIN. That is exactly the case.

Mr. O'MAHONEY. But if the Committee on Banking and Currency, after holding hearings, should feel, and so vote, and the Senate should approve, that rent control should be extended for any particular period, the Senator is not attempting by the amendment he intends to offer to control that situation, is he?

Mr. CAIN. Most emphatically not. I will say to the Senator from Wyoming, if I sought to exert any such influence on the Committee on Banking and Currency, I necessarily would support in vehement fashion the committee amendment.

Mr. O'MAHONEY. Of course; and that is why I wanted to make the Senator's position crystal clear.

Mr. CAIN. I appreciate that, and I only want to add a sturdy note in support of what the Senator from Wyoming has just said. I am one of those Senators who think and believe they know that no national emergency justifying rent controls any longer exists in this country. But we have on the books a law called rent control, which expires on June 30, 1950. The Housing Expediter has said, "We fell short in the moneys appropriated to us, and we want \$3,600,000 in order to operate from April 15 to June 30."

The junior Senator from Washington is suggesting that the good and legitimate purposes of the Housing Expediter can as well be carried out through providing the sum of \$1,400,000.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. DONNELL in the chair). Does the Senator from Washington yield to the Senator from Wyoming?

Mr. CAIN. I yield.

Mr. O'MAHONEY. The Senator from Washington was on the floor and heard the senior Senator from New York express the belief that the necessity for rent control still exists in his State. He heard the junior Senator from Illinois make a similar statement, and he heard the Senator from Pennsylvania [Mr. MYERS] make a similar statement. Of course, there is nothing in the amendment which the Senator is about to offer which would in any way foreclose the judgment of the Senate upon the representations of those Senators or the evidence they may submit between now and the 30th of June.

Mr. CAIN. With reference to the remainder of the fiscal year, the Senators to whom the Senator from Wyoming has just referred can differ with the junior Senator from Washington only as to the amount.

Mr. O'MAHONEY. That is correct; and nothing that the Senator proposes would foreclose the Housing Expediter or Members of Congress from urging in another deficiency bill, if the evidence seems to justify it, an increase in the operational amount.

Mr. CAIN. The Senator from Wyoming and I are pleased to reflect only on the obvious, the substance of which is clear to everyone.

Mr. O'MAHONEY. On the basis of the statements which the Senator makes to me, it seems to me that the amendment he proposes is not at all harmful.

Mr. CAIN. It is not an antagonistic amendment. It might be an amendment with which the Senator would differ, because he might think the amount is not the correct one, but for no other reason would we be in disagreement.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CAIN. I yield.

Mr. McKELLAR. The State of Alabama has passed a decontrol law to take effect, I believe, in May or June. I may have the Senator's amendment a little confused in my mind. Does his amendment propose to add \$1,400,00?

Mr. CAIN. I should prefer to add \$1,400,000 of free money for the Housing Expediter to use as his judgment shall dictate between now and June 30, 1950. That is to say, I am in support of the committee amendment which provides \$2,600,000 for the purpose of paying terminal leave, and I seek to add to that amendment the sum of \$1,400,000 for operational expenses. I think I can support my amendment with good reasons.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. CAIN. I yield.

Mr. FERGUSON. That would give the Housing Expediter, from the first of March, how much money?

Mr. CAIN. That would give him, from the first of March, \$4,000,000.

Will the Senator from Michigan permit me to invite the attention of the Senator from Pennsylvania [Mr. MYERS] to the question which the Senator has just asked, for I think is very important?

Mr. FERGUSON. I inquired as to how much the Expediter would have from March 1 to July 1. Will the Senator reply to that question, please?

Mr. CAIN. The answer to that question is that if my amendment to make available \$1,400,000 free money is approved the Housing Expediter would have \$4,000,000 with which to administer his office from the first day of March, 1950, until the expiration date of the law, which is June 30, 1950. That is at the rate of \$1,000,000 a month, for administrative purposes.

Mr. FERGUSON. Would he have sufficient money in excess of that amount to pay terminal leave?

Mr. CAIN. The reason why the junior Senator from Washington is strongly in support of the committee amendment making available \$2,600,000 for terminal-leave purposes is that we have good and sound reason to believe that if we do not require the agency to take care of the situation, it will continue to let the funds accumulate until, in due time, when Congress decides that there is no longer any need for rent control, the Treasury will be confronted with making cash payments to employees of the agency numbering between 4,000 and 5,000.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. CAIN. Certainly.

Mr. MYERS. I understood the Senator to say that the agency is now operating on \$1,000,000 a month.

Mr. CAIN. No. I say that if the amendment offered by the junior Senator from Washington is approved, the Housing Expediter will have, as nearly as I can figure it, \$4,000,000 with which to operate his office between March 1 and June 30, which is at the rate of \$1,000,000 a month.

Mr. MYERS. I understand that it is now operating at the rate of \$1,700,000 a month.

Mr. CAIN. No. I am well pleased to answer that question, not because it is an inaccurate question, but because it will receive an accurate answer. The misinformation about the subject is at all times interesting, to say the least.

On the opening page of the statement offered by Mr. Woods, the Housing Expediter, to the Senate Appropriations Committee, he says, toward the bottom of the page, that he presently is spending money at the rate of \$1,650,000 a month. I am suggesting that he can get along for the last 4 months of this year with \$1,000,000 a month, and I shall seek to establish that fact.

Mr. MYERS. I understand the Senator's position to be that the Housing Expediter is now spending \$1,650,000 a month.

Mr. CAIN. That remains a large amount of money.

Mr. MYERS. The Senator suggests \$1,000,000 instead of \$1,650,000?

Mr. CAIN. I do, indeed.

Mr. MYERS. That would be a reduction by a considerable percentage.

Mr. CAIN. Yes.

Mr. MYERS. But the Senator believes that that reduction should be

made, and, at the same time, the Housing Expediter could conduct an efficient operation, although the funds would be reduced \$650,000 each month, as compared with the present amount necessary to conduct the operation which he believes is necessary at the moment.

Mr. CAIN. That is correct. We argue questions and, in due time, we call the roll. The Senator from Washington is now making a proposal which he thinks he can justify, and if the majority of my colleagues see fit to disagree with me, that is their business, and I would take no more exception to it in this case than I have in cases in the past. But perhaps there will be a sufficient number of Senators who think my figure makes good economic common sense.

Mr. President, for the reason that it will not be many weeks before the Senate Banking and Currency Committee and the Senate itself will try to determine whether a national emergency justifies the continuance of rent control throughout the Nation, I should like to draw the significance of this map [indicating] to the attention of any of my colleagues who may be interested in the subject. I do not expect to address myself to it conclusively, but I would at least give the Senate a definition of the symbols.

The yellow pieces of paper upon which are printed the names of certain States represent five States which, since the passage of the Federal Rent Control Act, have, by legislative action, decided to remove all Federal rent control from their areas.

The State of Nebraska was decontrolled on November 1, 1949, which means that there are no longer any Federal rent-control agents operating in the State of Nebraska.

At a later stage in this debate I trust some Senator will raise the question, Where have they gone?

The State of Virginia, by legislative action—and the Governor was recently reported in the public press as saying that he would sign the bill—has decided to remove rent controls from the State of Virginia on June 10, 1950.

The State of Alabama, by legislative action, is to be entirely decontrolled on May 10, 1950.

The State of Texas, by legislative decision, decontrolled itself as of October 19, 1949.

I think it is reasonably interesting, in passing, again to suggest the obvious fact that the Housing Expediter appears to be more thoroughly an authority on what is happening in a State over which he no longer has any control than he is an authority on the figures, the facts, and the truth pertaining to States which continue to be under his control. As the Housing Expediter lectures himself across the Nation he delights in relating what is happening in Texas which was eliminated from his jurisdiction months ago. But more about this a little later.

The State of Wisconsin was decontrolled by legislative action on August 5, 1949. Two other States, Utah and Arizona, have been decontrolled, and that decontrol is not indicated by such a yellow

low marking as is shown on the map. They have decontrolled themselves in their entirety through action taken by local public bodies.

The red figures represent the areas which have been decontrolled by one means or another since Congress passed the last rent-control law, in April, 1949. The red areas, which are to be found in every State in the Union, indicate the speed with which the American people, by local self-initiative, in 11 short months have been ridding themselves of rent control. I may say for the benefit of those who have not been previously informed that the green areas represent the total number of areas which have never been under rent control. The problem confronting the Senate this afternoon, in determining how much money the Housing Expediter needs to operate his agency from now until June 30, and the problem which will confront Congress soon, as to whether or not we should continue rent control, is indicated by the white areas, which are found mostly in congested metropolitan regions. These white areas tell us where rent controls are in force today.

For a very few minutes I should like to give what I think are some important facts about the strength of the personnel force employed today, and that employed during the last year, by the Office of the Housing Expediter.

On April 1, 1949, when Congress passed the bill continuing rent-control, the total number of employees was 4,566. The total number of units under control as of that date, which evidently is the responsibility the Office assumed were 14,072,426. The defense rental areas under control as of April 1, 1949, were 671. The States under control as of April 1, 1949, were 48.

Each figure I have thus far given refers to the beginning of the rent control law on April 1, 1949. Now let us come to December 31, 1949, and see where we stand with direct reference to each one of these statuses.

On December 31, 1949, the Office of the Housing Expediter had reduced its working force of 4,566 by 417, so that it had a total number of employees on December 31, 1949, of 4,149. Members of the Senate will have to conclude for themselves whether or not the Housing Expediter should have reduced his force more rapidly, or whether he did a reasonable, modest, conservative, and intelligent job. The units under control on December 31, 1949, instead of being in excess of 14,000,000, were 12,336,892. The total number of defense rental areas under control on December 31, 1949, was 369.

I may say to the distinguished senior Senator from North Dakota [Mr. LANGER], who is sitting on my right, that there is something which to me is very important in this figure showing only 369 defense-rental areas as of December 31, 1949, when only a few short months before that there was a total of 671. The total number of defense-rental areas throughout the Nation was cut approximately in half in a little more than 6 months' time.

Mr. MYERS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Pennsylvania?

Mr. CAIN. I yield.

Mr. MYERS. Does not the Senator from Washington believe that a better norm or test would be the number of rental units under control, rather than the number of rental areas?

Mr. CAIN. The Senator is anticipating an observation which I expect to make.

Mr. MYERS. The Senator has indicated, and properly so, that the number of defense-rental units has been cut about in half.

Mr. CAIN. Yes.

Mr. MYERS. But that is not true, I believe, as to the number of units.

Mr. CAIN. I know it is not true, but it is one of the important factors in the consideration of this subject.

Mr. MYERS. It occurred that we might better consider, and more properly consider, the number of units, rather than the number of areas.

Mr. CAIN. I would be constrained to suggest that when we are trying to understand a problem of national significance, we should not ignore or pass over lightly any significant item. Certainly, the liquidation of defense-rental areas is important to the consideration. States under control as of December 31, 1949, were no longer 48 in number, as was the case 6 months before. The number had been reduced by the five States to which I made reference. So the total number of States under control was 43. In the period between the two dates, April 1, 1949, and December 31 of the same year, five entire States were decontrolled. Three hundred and two defense-rental areas were decontrolled. Two million seven hundred and thirty-five thousand five hundred and thirty-four units were decontrolled. However, we find that the Housing Expediter has been able to reduce his personnel by only 417.

Mr. President, I feel so strongly on this question personally that when the vote is taken, while, of course, whatever any Senator sees fit to do is his own business, I would say that in the interest of good business no one should say that the Housing Expediter can justify cutting his personnel only 417, in the face of what has actually happened in the matter of liquidating and eliminating rent control from the American Nation.

Getting down to an inquiry recently made by the Senator from Pennsylvania, if he is still in the Chamber I would beg his indulgence to let me argue the merits of this question with him. I should like to make several observations in which I think the Senator from Pennsylvania has a very definite and certainly a sincere interest.

Since January 1, 1950, only a few short months ago—and I mention this because I have previously said to the Senator from Pennsylvania that the work load imposed on the Office of the Housing Expediter becomes lighter every day—between January 1, 1950, and March 9, 1950, 331,439 housing units have been decontrolled. These were not decontrolled last year, but more than 331,000 have

been decontrolled since the first of this year, and between these same dates an additional 19 defense rental areas have been decontrolled.

Mr. FERGUSON. Mr. President, will the Senator from Washington yield?

Mr. CAIN. Certainly.

Mr. FERGUSON. I wonder whether or not the information I have in my hand could account for the very small number of employees who have been taken from the pay roll from the date the Senator has given. The record shows that the number of employees in 23 principal offices was 1,532 in March 1949, and rose to 1,941 in December 1949, and that they have been shifted from the decontrolled areas into controlled areas. Would that account for the fact that a very small number is shown as having been taken from the pay roll?

Mr. CAIN. Mr. President, the Senator from Michigan has offered as an observation some of the most distressing facts in this whole question. This information ought to make most of us, as reasonable men, actually sick, because these facts demonstrate clearly how some of those in the Federal executive service seek to take advantage of our good nature, of our good intentions, and of our desire to let them have sufficient funds with which to do their work reasonably. Every American citizen who worries about the diminishing value of the American dollar ought to be horrified by such examples as those the Senator from Michigan has just offered, which again demonstrates how money is being wasted.

The Senator from Michigan, and every other Senator on this floor, remembers the debate of last year when the Office of the Housing Expediter practically gave his pledge to reduce his force as rapidly as conditions permitted, to liquidate particularly whenever there was any encouragement on the part of local communities throughout the land. Though the Senator has offered these figures in brief, if it becomes necessary, I shall do so in detail, to prove to this body that what we thought was going to be done by the Office of the Housing Expediter in this connection has not been done, but that in fact the reverse has been done.

I remember that it was the sense of the Senate that in an effort to render assistance to the small landlords and tenants throughout the country probably each local office and the Housing Expediter would add to the force one man, or absorb another man's duties, to give personal attention to applications for relief. But soon I shall point out to Senators, if they wish to hear only the facts, that in one city after another, when there has been decontrol, the State taking rent control out of the hands of the Federal Government, persons working in the Federal offices in such areas showed up not long thereafter in offices in other large cities, increasing the numbers previously employed there to the extent in some instances of as many as 12, 15, or 17. Mr. President, pay rolls are what cause the expenditure of much money in this country.

By way of a thought that is interesting, I will say that while in Puerto Rico

yesterday watching military maneuvers—and I had the privilege of going there in an aircraft with the new Chief of Naval Operations—we were talking about the need to economize because there were only so many dollars to go around. I want to point out why the efforts we are making today in the Navy is such a difficult task. The Chief of Naval Operations said that 38 percent of our budget nowadays goes for salaries. They cannot be reduced. So our fields for economy are therefore much restricted. I mention that so as to get around to the rent side; that whenever an agency continues on its rolls a person who is unnecessary it adds a completely unjustifiable expense to the tax burdens of the ordinary, average citizens. I happen to be one Senator who resents it very deeply, and I hope that I may be able to continue to express my indignation whenever I have an opportunity.

I may say to the Senator from Pennsylvania that as of March 10, 1950—and I should like to have the attention likewise of that very able and genial staff assistant, Mr. McMurray, who sits by the side of the Senator from Pennsylvania as to whether the figure I shall now give is correct, for it will afford a basis of argument to proceed on—as of March 10, 1950, there are under control 11,543,000 units, and there are approximately 350 rental areas remaining under control. May I ask the Senator from Pennsylvania if those figures are correct?

Mr. MYERS. I believe those figures are accurate. There are 11,000,000-plus units under control. While I am on my feet I think it is only fair, in view of the statement the Senator from Washington has made relative to the Housing Expediter, to point out that on February 17, 1950, the Expediter appeared before the deficiency subcommittee of the Senate Committee on Appropriations and had this to say:

The net effect of our economy measures, our decontrol actions, and our increased work load was a reduction in personnel from 5,462 at the end of August 1949, to 4,153 at the end of December 1949, a decrease of 1,309, or 24 percent.

I find that the units that were decontrolled represent about 20 percent. So as decontrol went forward personnel reduction was even greater than the reduction of units decontrolled.

I think it should also be pointed out that the Housing Expediter has done most of this decontrolling. Although we gave the power to the States and the communities, it has been the Housing Expediter who has done the job. If we accept the theory that his only purpose is to keep people on the pay roll, I certainly think he would not have engaged in such a decontrol program.

Mr. CAIN. May I interrupt the Senator for a moment?

Mr. MYERS. The Senator from Washington has the floor, of course.

Mr. CAIN. I appreciate the Senator's indulgence. May I draw to the Senator's attention, and to the attention of anyone else who wants to think about it, that the Office of the Housing Expe-

diter had nothing to do with decontrolling five great sovereign American States.

Mr. MYERS. Of course not.

Mr. CAIN. But what he did try to do was to keep, for example, the State of Texas from exercising its legislative right to decontrol.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. CAIN. Yes, of course, I will yield for an answer to that question, because the Senator brought it up.

Mr. MYERS. I am not familiar with that, but—

Mr. CAIN. The Senator brought it up—

Mr. MYERS. Let me finish please. As to the five—

The PRESIDING OFFICER (Mr. DONNELL in the chair). Senators will kindly observe the rule of the Senate, of addressing the Chair rather than carrying on a conversation or debate between themselves.

Mr. CAIN. The Senator from Washington thanks the Chair.

Mr. MYERS. The Senator from Pennsylvania thanks the Chair.

Mr. President, will the Senator from Washington now yield?

Mr. CAIN. Gladly.

Mr. MYERS. It is my understanding that of the 547 areas that have been decontrolled, only 151 have been decontrolled through local option, and about 400 have been decontrolled by the Administrator. I do not think it is all black and white. I think the Administrator should get some credit. I do not think we should heap abuse in this debate on the agency or the Administrator. I frankly believe he has endeavored to do a fair job. There may be some criticism of him on the part of all of us. But I point out that 400 areas have been decontrolled by the Administrator. All these areas, States, and local communities of government, have the authority, under the law, to decontrol. But they have not taken the advantage of it that some of us thought they might have done. To me that only proves that there is a necessity for control in those communities. Certainly there are in the Senator's home State several large cities, as is true of course, in Pennsylvania, which do not believe that controls are still necessary, and have used the authority and power we gave them, to decontrol. They have exercised that power through their local government, their city council, or whatever it may be. But the Housing Expediter has, of his own motion, decontrolled about 400 units. I think he is entitled at least to the mention of that fact on the Senate floor.

I again call the Senator's attention to what the Housing Expediter undoubtedly has done in this period. The Housing Expediter, since last August, apparently has effected a reduction in personnel of something like 24 percent, which I think is in line with the Senator's thought that he should reduce personnel as more units and areas are being decontrolled.

Mr. CAIN. I thank the Senator for his observation, against which I should

like to venture a comment or two. I hope the Senator from Pennsylvania, No. 1, will interest himself in the steps taken within the State of Texas by the Housing Expediter to see that a law which the State legislature had approved was not signed by the Governor. I think it rather important. I join with the Senator in complimenting the Housing Expediter for the number of decontrol actions which he has himself initiated, and I trust that he will go further, faster, with that program. It happens—

Mr. MYERS. I should like to say—

Mr. CAIN. I insist at this moment on continuing with what I have in mind. It happens that probably in some ways I know the present Housing Expediter better than does any other Senator. At least 2 years ago, when the question came before the Senate Banking and Currency Committee as to whether he should be recommended for the position of Housing Expediter, I was the chairman of the Housing and Rent Subcommittee, and the chairman of the full committee left to me a determination as to whether Mr. Woods' name should be recommended to the Senate. I thought about it for quite a long time. I had several serious conversations with Mr. Woods, partly because it was my business to do so, and partly because I enjoy his company. I did recommend, and there was no argument concerning that recommendation, that Mr. Woods become the Housing Expediter.

I consider him in a personal way to be a friend now, and certainly I am not trying officially to destroy his reputation or his prestige. I am suggesting that in this instance he has asked for things to which he is not entitled and which he does not need. I point out to the Senator that one prime reason why the committee amendment is before us is that several short weeks ago, during the early part of February, the Housing Expediter—and I speak of the Housing Expediter so I will not be personal about it—went before a committee of the Congress, and if he did tell the truth in part he certainly did not tell all the truth. The Senator from Pennsylvania has read from a statement which Mr. Woods offered before the Appropriations Committee. If it were the intention of the Senate, and if we have time to take that statement to pieces sentence by sentence, I would be privileged to have a chance to be on one side, and what is more important, if necessary, I would read every word of the testimony which the Housing Expediter offered to the Appropriations Committee, which would prove conclusively that, though he might have been well intentioned, though maybe he did not intend to do what he did, though perhaps he could not understand a question so that he could give an accurate answer, the fact remains that in answer to reasonable questions from intelligent and reasonable persons the Housing Expediter did not tell the truth.

Last Sunday I happened to have been a spectator at a radio forum which dealt with the question whether or not rent control should be continued in the Dis-

trict of Columbia. Among those participating in that program was a nice young man who was qualified as the executive assistant, I think, to the Housing Expediter. During the course of his presentation I noticed that he began to be accurate, and when the program was over I went up to him—we had previously met—and I said, "That is the first time I have heard any responsible agent of the Office of Housing Expediter speak accurately." "Well," he said, "Senator, there is a pretty good reason for that. You drew our inaccuracies rather importantly to the attention of your colleagues on the floor of the Senate the other day." He said, "We knew you were going to be present and we went to some pains to place in the record the truth with reference to this rent survey picture."

Now, Mr. Woods can speak for himself, I will say to the Senator from Pennsylvania. But I wonder what we ought to do about a man and his operations, who has thus far so consistently misled the only agency that has within it the power to make appropriations to keep such a Federal office in operation.

Before I conclude I will say that this morning I cut from the ticker tape a message from the Housing Expediter. I will show what we are dealing with in the words of someone else.

This is a press dispatch from Atlanta. While I read the statements contained in the dispatch, I should like to have the Senators who hear me read it figure out for themselves what is the role of a Federal agent. I am not certain that I know. I know what the law of the land is in that respect; but perhaps I cannot trust my knowledge of the law any more, because although the law provides that Federal agents shall not lobby for legislation which is before the Congress, and that if they do so or if they seek to exercise influence in that respect they may be sent to jail or be fined, yet seemingly no one pays any attention to that law any more. So I do not know whether it still applies.

However, I read now from a dispatch from Atlanta, Ga.:

ATLANTA.—Housing Expediter Tighe Woods predicted that Federal rent controls will be extended for another year because wholesale decontrol at this time would result in a serious strain on the Nation's economy.

Mr. President, this afternoon we are faced with the necessity of determining what we should do in respect to providing reasonable funds for the Office of the Housing Expediter. Of course, whatever we do in that respect, the cost will be millions of dollars. But while we are determining just what we ought to do, the Housing Expediter himself is lobbying in the State of Georgia, and is telling us, through those who listen to him there—and, through them, he is encouraging correspondence with us—what ought to be done.

I read further from the press dispatch:

Rent controls are scheduled to expire June 30 unless Congress extends them.

Woods said sudden decontrol could cause "very chaotic conditions, especially in large cities where there are tight housing conditions."

Let me inquire whether Houston, Tex., or Dallas, Tex., would be called small cities, or whether Spokane, Wash., is to be called a small city. Should any of the cities in this country which have been decontrolled be called small; and can it be correctly stated that, as to them, chaotic conditions have resulted from the decontrol of rents? Mr. President, there is no Member of the Senate who could say with assurance that chaos had resulted from decontrolling rents in either Houston or Dallas. But the Housing Expediter, using money with which the Congress has provided him, and which he can use in traveling, can blithely make such comments to American citizens everywhere.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. CAIN. Not until I finish reading this press dispatch.

I read further from it:

The housing official, in Atlanta on a tour of the country for a first-hand look at the housing situation, said rents rose as much as 150 percent in some cities following decontrol.

Perhaps my fears are exaggerated. Perhaps as an individual citizen and as a Senator, I should not become excited about such statements. But I resent them.

The fact is that not long ago the Housing Expediter asked the Bureau of Labor Statistics to make a survey of seven cities which have been decontrolled, to determine what the rate of increase of rents was. I shall make merely one reference to it. As a result of that survey, which the Housing Expediter requested, it was determined that rents in Dallas, Tex., had increased, on the average, 16.7 percent, and that in the case of Salt Lake City they had increased, on the average, 6.6 percent. Yet the Housing Expediter, carrying as he does the great prestige of a Federal office, goes to Atlanta, Ga., and tells many innocent, misinformed, or uninformed Americans that, "If you decontrol, in some cities rents will go up 150 percent."

Mr. MYERS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Chair calls attention to rule XIX:

No Senator shall interrupt another Senator in debate without his consent, and to obtain such consent he shall first address the Presiding Officer.

Mr. MYERS. Mr. President, I addressed the Chair when I asked whether the Senator from Washington would yield.

The PRESIDING OFFICER. The Chair was speaking primarily of the Senator from Illinois, who previously did not address the Chair in making such a request, although the Chair is sure that the Senator from Illinois did not intend any reflection upon the Chair in that respect.

Mr. CAIN. Mr. President, I am perfectly willing to yield to the Senator from Illinois, to the Senator from Pennsylvania, or to any other Senator, but not until I have established what Mr. Woods said in the last 24 hours about what is our business. It is quite proper for the

Senator from Pennsylvania and the Senator from Washington to argue concerning the merits of continuing or getting rid of rent control; but I point out, for my own satisfaction, at least, that that is not the concern of the Housing Expediter, and that unless we in the Congress take steps—and we have laws to help us in that direction—to see to it that the executive agencies administer, but do not concern themselves with policy, as Mr. Woods is doing, this Nation is headed toward a considerable degree of serious trouble.

I hope to be able to yield to my friend the Senator from Pennsylvania in a minute.

I read further from the press dispatch:

Woods denied that rents go up temporarily and then level off following decontrol as the real-estate interests have contended.

"People just have to pay what the traffic will bear," he said.

Woods said that in most cities that have voted decontrol by local option rents have jumped from 16 to 40 percent.

Mr. President, Mr. Woods cannot justify or support those figures. I do not know why he constantly and continually offers them to the American people, when they are not in accord with what the truth appears to be, as a result of the surveys taken by the Bureau of Labor Statistics at the request of the Office of the Housing Expediter.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question which will clear up this matter?

Mr. CAIN. Mr. President, I thought the Senator from Illinois understood that I would be delighted to yield to him as soon as I have finished some references to the Housing Expediter.

Mr. DOUGLAS. Then, do I correctly understand that the Senator from Washington declines to yield?

Mr. CAIN. Mr. President, my friend the Senator from Illinois understands the English language, let me suggest.

Mr. DOUGLAS. Mr. President, I take it that the Senator from Washington declines to yield.

Mr. CAIN. Mr. President, Mr. Woods said that moderate-income families are the chief sufferers in the current housing situation. I have as much sympathy for people in that class, to which Mr. Woods has referred, as has Mr. Woods himself. However, let me point out that although the people of modest incomes do not have a great deal of money, and therefore it is more difficult for them to get for themselves what they want, at a price which they can afford to pay, yet it is singularly true that they have benefited from considerable advances in their standard of living and in respect of annual increases in salary and wages in the years during which rent control has been in operation.

Mr. President, we are told that as of March 10, 1950, there were under control 11,005,453 units, and that today there are approximately 350 defense rental areas under control. I should like to arouse a little interest over that approximation of the number of units under rent control today. In particular, I should like to ask Senators who have not previously thought of these questions how accurate they think the Housing Ex-

pediter's figure of 11,000,000 units under rent control today actually is.

A great many persons do not seem to know that this large figure—and admittedly it is a large one, and admittedly there are millions of units still under control—actually represents the units which were registered as being under control originally, at any time during the period from 1941 to 1943, inclusive.

By way of an example, if the Senator from Nebraska sought to offer his house for rent in 1942, he had to register it. But if in the months or years thereafter the Senator from Nebraska saw fit to sell the house; or if the tenant moved away, and if the Senator then decided to tear down the house; or if the tenant moved away, and the Senator then withdrew the house from the rental market—if any number of things of that sort, including reconversion, took place—the Senator from Nebraska would not go back to the office in which he originally registered the house for rent, and say to that office, "I wish to unregister it."

Mr. President, I cannot even begin to be accurate on the subject; but I should think that instead of there being 11,000,000 units still under rent control, the number is considerably less than that today—for some of the reasons which I have just submitted to the Senate.

If that be true, it is in support of my contention that \$1,400,000 would be an adequate sum of money for the Housing Expediter to have in order to do a good job of liquidating or carrying out his responsibilities, particularly because his burden of responsibility becomes less and less as the months go by. In addition to the number of defense rental areas and units which have been decontrolled or which remain under control, 5 States of the Union already have decontrolled themselves. I referred to them previously, and pointed on the map to their location. However, I shall state them again at this time, for the RECORD: They are Wisconsin, Texas, Nebraska, Utah, and Arizona.

Moreover, the State of Alabama is to be decontrolled on May 31, 1950; and the Virginia Legislature has just passed the necessary bill to decontrol Virginia, and the Governor has publicly stated that he will sign the bill.

Mr. President, for the reason that I do not seek to impede the work of the Senate, I shall address myself briefly to the question of why I think \$1,400,000 is an adequate sum of money to be appropriated at this time for the Office of the Housing Expediter.

When Mr. Woods appeared before the Senate committee, which was early in February, as I recall, he testified about the state of his financial health. On page 109 of the hearings it is shown that Mr. Woods said that on January 1, 1950, he had remaining, from the \$17,500,000 provided by the law of April 1, 1949, the sum of \$5,900,000. That figure will be found to be incorrect, in either one direction or the other, by a few dollars; but it is a fairly accurate figure.

Mr. Woods likewise testified, as shown on the remainder of page 109, that he is and has been spending monthly at the

rate of \$1,650,000. Mr. President, if during January and February he spent \$1,650,000 for each of those 2 months, he would have had remaining, as being available for his operational purposes on March 1, 1950, \$2,600,000.

It happens to be my own conclusion that the Office of the Housing Expediter, in the months of March, April, May, and June, can do a credible job with the use of \$1,000,000 a month, rather than with \$1,650,000 a month which he seeks to obtain. If we desire to provide the Office with \$1,000,000 for each of the four remaining months, beginning with March, it will be necessary only for us to support and approve an amendment calling for an appropriation of free money in the sum of \$1,400,000.

I should like those who think the Office of the Housing Expediter needs a sum considerably in excess of \$1,000,000 a month to attempt to support their position by facts. They may indeed be correct, but on the basis of the generalities which those who support the higher figures have thus far offered, I think it reasonable to assume that the Housing Expediter can get along on a sum considerably less than the amount he has requested.

Two things are going to happen between now and June 30, 1950, which is the end of the fiscal year and the termination date of the 1949 rent and housing law. Since hundreds of decontrol actions have been instituted throughout the country, from April 1, 1949, the beginning date of the present law, to the present time, it is logical to assume that between now and June 30 a good many other American communities in one way or another will become decontrolled. That is to say, the Office of the Housing Expediter will have less work to do every day, every week, and every month from now until June 30. Yet the Housing Expediter has not recognized any such likelihood. In his presentation before the Senate Appropriations Committee, he merely said he is spending at the rate of \$1,650,000 a month, and, by inference, that he expects to continue to spend at that high rate.

A second thing which could happen, though I am inclined to think it unlikely, is that the Housing Expediter could reduce his personnel without unduly handicapping his operations. I shall briefly refer to a few cities only in which there are presently more people employed by the local office of the Housing Expediter than were employed a year ago—at which time it seemed to be the unanimous opinion of the Senate that within 6 or 7 months there would be a great decrease in personnel. In the city of Lexington, Ky., on June 30, 1949, there were 22 persons employed. As of December 31, 1949, there were 25. What is there about the city of Lexington, Mr. President, concerning which we had never received any complaints, so far as I know, of maladministration or lack of administration by the Housing Expediter, in previous years, requiring that there should be three more rent-control agents today in Lexington than there were 9 months ago? In the city of New Orleans, on June 30, 1949, 25 Federal rent agents

were employed. Today there are 30. I wonder why?

Mr. President, in the city of Boston, in June of last year, 55 employees constituted the local force of the Housing Expediter. On the first day of this year there were 68. I wonder whether the Presiding Officer knows of any reason necessitating an increase in personnel to the extent of 13 in the rent office in the city of Boston, over a period of 6 months, when the general duties imposed upon the Housing Expediter as a result of the passage of the law of 1949 were less severe and difficult than they were in previous years.

Mr. DOUGLAS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Illinois?

Mr. CAIN. I yield.

Mr. DOUGLAS. Is it not true that in a number of localities, the smaller branch offices outside the major metropolitan cities have been closed, so that the full work of the administration has been thrown upon the offices in the larger cities? I think the Senator from Washington will find that to be the case, for example, so far as New Orleans is concerned, and that there might therefore be an increase in the total number in the New Orleans office, but a decrease for the region. Has the Senator from Washington, moreover, considered the fact that the Rent Control Act which was passed last year was extremely complicated, particularly in the definition of fair net-operating income, and that this has thrown an added burden of administration upon the office of the housing administrator, requiring added personnel, but that, in spite of that fact, the housing expediter has been able to effect a net over-all reduction?

Mr. CAIN. I differ only in degree with my friend from Illinois. He and I both know that the last law sought to give greater consideration particularly to the needs of smaller landlords and tenants. But there is nothing in the admission which, so far as I know, justifies an increase of 13 in the Boston office, to which I have just referred. When the Senator suggested that the personnel in the New Orleans office jumped from 25 to 30 because a number of local offices were closed, and therefore the responsibilities of the large offices increased, I find it difficult to understand his reasoning. During the course of a year, the State of Louisiana went from 48 rent-control employees to 49, an increase of but one; yet, during that period, three communities were decontrolled. On the face of it, it does not make sense. If anyone wants to assume that it makes sense and that it is a justifiable way of spending moneys which do not belong to us in the Senate, it obviously is not my concern. I am anxious to know why additional burdens should be imposed upon a so-called central rent office, though I do not know what they are as a result of the elimination of small communities from the jurisdiction of rent control.

I think it worth while to say that in Springfield, Mass., the number of rent

employees went from 13 to 16. Again, I should only like to know why. I suppose a rent employee, like any other employee, receives a salary commensurate with his responsibilities. I am suggesting that each of the additional employees would be paid not less than \$3,500. The total amount of money we are talking about, in that tiny instance, is roughly \$10,000. No one can say why there should have been an increase in personnel.

In Worcester, Mass., there were 15 employees in the rent-control office in June 1949; by December, there were 19. What is there about Worcester that required four additional employees? The city of Detroit had 73 employees in June 1949; 80, on December 31 of that year. The city of Minneapolis, Minn., began with 33 in June 1949, and wound up with 36, six months later. The city of St. Paul had 15. It likewise wound up with an increase of 3, giving a total of 18. But as I understand, the two cities are not very far apart. Perhaps it is not a logical assumption, but I should have thought that through closer integration of duties, services, and responsibilities between those two fine American communities, there would have been a total reduction in personnel of the Office of Housing Expediter; but apparently it did not work that way.

Mr. President, let us look at the State of Missouri. I am very much pleased to refer to it, because the present Presiding Officer [Mr. DONNELL] is a very distinguished resident of that State. In that State there is a city which most of us know by the name of Kansas City. In the rent-control office in Kansas City, in June 1949, there were 46 employees. The amount of money paid them was \$171,224. Six months later the number of employees had increased from 46 to 54, and the total pay roll increased from \$171,000 to \$207,000.

To return to an observation made, and, I thought, very properly, by the junior Senator from Illinois, who said, "Goodness gracious! As they cut down some of the small operations, they have to add to the larger operations, because the law is complicated"——

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. CAIN. Certainly.

Mr. DOUGLAS. I am sure the Senator from Washington does not wish to misstate the question addressed to him by the Senator from Illinois. The point which the Senator from Illinois was making was not that we had to take care of the personnel, but that in addition to decontrolling areas, branch offices within areas which were already decontrolled were being closed down for administrative purposes, and that in order to perform the work formerly done in the branch offices, the work had to be done in the center, and therefore it required more personnel.

Mr. CAIN. I thought I understood the Senator from Illinois, and I apologize if I misquoted him, but against what he has told us I find the case in Missouri provocative. Perhaps the Senator has a good answer to this. As we move in a direction of liquidation we fall heir to the idea that fewer employees will be necessary in the undertaking.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. CAIN. If I may conclude this observation, I shall be glad to yield.

In the State of Missouri there were 140 rent-control employees in June of 1949, and by December 31, 1949, after 6 months of trying to liquidate the operation, decreasing the personnel, and not spending so much money, there were 150 employees. No one has ever justified an increase in 6 months' time of 10 employees on a State level. The assumption usually is that some who have been taken from a small area will be given administrative and legal responsibilities on a top level. But from any point of view, there should have been a decrease, not an increase, in the number of rent-control agents employed throughout the State of Missouri. Yet we find Missouri with 10 more agents today than it had 9 months ago. This is rank nonsense.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. CAIN. I said I would yield to the Senator from South Dakota.

Mr. GURNEY. Mr. President, I should like to ask a question of the Senator from Washington. He has stated that, in his opinion, the rate of expenditures during the next 4 months should not be more than \$1,000,000 a month. I suggest to the Senator that at the Appropriation Committee hearings the committee was advised that the Housing Expediter had on hand, as of March 1, approximately \$4,000,000, which would give him \$1,000,000 a month without any further appropriation being made. I am wondering if the Senator knew that there was approximately \$4,000,000 unexpended as of March 1.

Mr. CAIN. I should be exceedingly pleased to have it established that the Senator from South Dakota is correct, because if his figures could be established there would be no need, in my opinion, to give the Housing Expediter anything. But I have proceeded on the assumption that the figures provided for me by the Housing Expediter indicated that on the 1st day of this month he would have \$2,600,000.

Mr. GURNEY. I think the \$2,600,000 was the amount after he deducted such items as travel, which he expects to authorize. It will be noted on page 110 of the hearings that the sum of \$130,000 covers the travel item, and there are a few other items, such as \$200,000 for terminal leave, which the committee provided for in its amendment. I refer back to the fact that there was \$5,800,000 on hand as of July 1.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. CAIN. I promised to yield next to the Senator from Wyoming. After that, I shall be happy to yield to the Senator from Pennsylvania.

Mr. O'MAHONEY. I was about to say that I have had conferences with the Senator from Illinois and other Senators and I have expressed my own belief that, in all the circumstances, as I understand the proposal to be made by the Senator from Washington——

Mr. CAIN. Will the Senator state his understanding of it for the benefit of the Senate?

Mr. O'MAHONEY. I was about to say that if I correctly understand his proposal, in all the circumstances, we can conserve the time of the Senate by accepting the amendment proposed by the Senator from Washington. The committee amendment provides an appropriation of \$2,600,000, to be used only for the payment of terminal leave. The Senator from Washington tells the Senate that it is not his purpose to curtail the operation of the office under the present law.

Mr. CAIN. That is correct.

Mr. O'MAHONEY. And that he believes \$1,400,000, which he proposes to add to the \$2,600,000, would be sufficient to enable the Housing Expediter to transact all the business under existing law that will be found necessary in the actual facts of the case to transact. I said to the Senator, however, that perhaps his judgment may not be correct with respect to the facts. Therefore, I asked the Senator from Washington if it was his intention in proposing such an amendment to foreclose the action of the Banking and Currency Committee, the action of any Member of Congress, or the action of the Housing Expediter in making a request or recommendation for whatever funds should be necessary and Congress should be disposed to grant.

The Senator from Washington, being a clear thinker, said that was an assertion of the obvious, and that it was not his intention to do so. Am I not correct?

Mr. CAIN. With one possible exception, I think the Senator is clearly correct. It is my opinion that the housing expediter can do a competent job for the next 3 months by our providing free money in the sum of \$1,400,000. If, in his opinion, that is not sufficient and he seeks recourse through the avenues open to him before the appropriate committees of the Congress, that is his business, and it is the business of the committees of the Congress. My own feeling, based on my study, is that we are being extraordinarily charitable, in trying to provide the housing expediter with \$1,400,000 additional. But the future must take care of itself.

The point I sought to clear up between the Senator from Wyoming and the Senator from Washington is that I do not resist the committee amendment which provides for the housing expediter \$2,600,000 to be used to pay terminal leave, which has been accumulated. It would be my hope that the restriction would still remain and that the \$1,400,000 which I suggest would be operational money.

Mr. O'MAHONEY. Certainly. So that the proposal would be, in effect, an additional amount for salaries and expenses for the office of the housing expediter in the sum of \$4,000,000, of which \$2,600,000 would be available for the payment of terminal leave only.

Mr. CAIN. That is correct; and \$1,400,000, if we want to spell it out, for operational purposes.

Mr. O'MAHONEY. It would not be necessary to spell it out. So that the acceptance of the amendment of the Senator from Washington would mean,

of course, the abandonment of the amendment which I have offered.

Mr. CAIN. It would, indeed. It would be the difference, in a practical sense, between \$2,600,000 and \$1,400,000.

Mr. O'MAHONEY. So that it would be clearly understood that the housing expediter would be wholly within his rights to present an additional request between now and the 30th of June to the Appropriations Committee or to the Banking and Currency Committee.

Mr. CAIN. As he would be on sound ground in doing that, I would be equally on sound ground in saying that \$1,400,000 is a considerable sum of money, and he ought to make it his business to get along with it.

Mr. O'MAHONEY. Mr. President, I am ready to accept the amendment.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CAIN. I yield to the Senator from South Carolina.

Mr. MAYBANK. The Senator's statement is based upon the terminal-leave statements sent to the Appropriations Committee as of January 1, 1950. Is that correct?

Mr. CAIN. It is.

Mr. MAYBANK. Is that understood?

Mr. CAIN. Yes.

Mr. MAYBANK. It has nothing to do with any terminal pay which the committee thought should be in the form of leave.

Mr. CAIN. It is based on the figures before the committee early in February.

Mr. MAYBANK. That was in connection with the back terminal pay.

Mr. CAIN. Which leave had been accumulated and deferred, and this is for the purpose of paying it off.

Mr. MAYBANK. Since that time more leave has accumulated.

Mr. CAIN. Yes.

Mr. LEHMAN. Mr. President, I should like to ask a question which perhaps is unnecessary, but I ask it for the RECORD. I understand the proposal is that \$4,000,000 be appropriated, and that \$2,600,000 of it is to be used for terminal-leave purposes.

Mr. CAIN. Yes.

Mr. LEHMAN. \$1,400,000 of it would be used to pay the current expenses of the office.

Mr. CAIN. That is correct.

Mr. LEHMAN. With the right given to the Housing Expediter to come before the Committee on Appropriations, if necessary, and ask for additional money, if he can show need for it. However, the important thing I wish to establish is that the Housing Expediter, while being given \$2,600,000 for terminal leave, is not required to use the \$2,600,000 during the pendency of the current law. In other words, what I wish to establish beyond any question is that he will not be expected to dissipate his organization, which, in his opinion, and under the law, will be required to continue the work of the office for the remainder of the fiscal year, under the current law.

Mr. CAIN. My understanding is that the Housing Expediter will use \$2,600,000 to pay the accumulated terminal leave with which he has been faced for quite a long time. In other words, he will see

to it that employees take vacations who refrain from doing so in order to accumulate leave, which someday must be paid for.

Mr. LEHMAN. But what I should like to establish is that while the money will have to be used some day, he is not compelled to take any steps which will dissipate his present organization, which in his opinion is necessary to carry on the work of the office for the remaining 3 months, or a little more, of the fiscal year.

Mr. CAIN. From a glance at the bill, I may suggest to the Senator from New York that his understanding appears to be precisely in accordance with the language used by the committee. It is made available for him to use for terminal leave purposes, but he does not have to use it at any specified time before the law terminates on June 30, 1950.

Mr. O'MAHONEY and Mr. MAYBANK addressed the Chair.

The VICE PRESIDENT. Does the Senator from Washington yield; and if so, to whom?

Mr. CAIN. I yield first to the distinguished Senator from Wyoming, because he and I have been closely associated on this subject.

Mr. O'MAHONEY. Just another word in response to the inquiry of the Senator from New York. The Senator from Washington made reference to vacations. I should like to call his attention to the fact that terminal leave is different from vacations.

Mr. CAIN. I appreciate that.

Mr. O'MAHONEY. So that the \$2,600,000, can be used only for terminal leave and for no other purposes, but it is not mandatory that it be used.

Mr. CAIN. Yes, the \$2,600,000—and this is my personal interpretation—is provided to be used sooner or later for terminal leave purposes.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CAIN. I yield.

Mr. WHERRY. It might be the opinion of the Senator from Washington, and also of the Senator from South Carolina, that the Housing Expediter is not supposed to start to cut off any personnel that might be there—

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. May I finish? The Senator from Washington yielded to me. I do not know what the colloquy was or what the understanding is, but certainly it is my understanding that, unless it is extended, the rent control law will terminate in June. As a Member of the Committee on Appropriations, I voted my conviction that there should be a cut in personnel that the Housing Expediter should start to dismantle his organization, and that he should not continue to employ 4,185 personnel, in light of the showing on the map presented by the Senator from Washington.

I should like to ask the Senator from Washington if he does not agree with me that regardless of what amount of money is finally appropriated—and, by the way, I will stand by the committee vote on the committee amendment—certainly it must be the understanding

of the distinguished Senator from Washington that as rent control is terminated in many more places in the United States there should be a decrease of personnel in the organization.

Mr. CAIN. The adoption of the amendment offered by the junior Senator from Washington would, in his opinion, provide \$2,600,000 for the purpose of paying and eliminating terminal leave. It is a liquidation motion.

Mr. WHERRY. It is earmarked.

Mr. CAIN. In addition to which, the amendment of the Senator from Washington calls for appropriating \$1,400,000 to continue the office for the next 4 months, which differs from the request of the Housing Expediter for \$3,600,000. So the entire approach is one of reasonable liquidation.

Mr. WHERRY. Except that the distinguished Senator from Washington apparently does not have in mind the same figure which the members of the committee had in mind when we were told there was \$4,000,000 available which the Housing Expediter could use from March 1 until the end of June. There is some dispute about the figures this afternoon, and there seems to be some reason for it. However, the adoption by the Senate of the committee amendment would not bar the Housing Expediter from coming before the Senate in connection with a second deficiency bill and getting the funds he needed with which to continue the rent-control law until the end of June.

Mr. CAIN. That is correct.

Mr. WHERRY. I cannot see that there is any emergency here at all. The House did not even have that provision in its bill. The Housing Expediter comes here on the theory that a state of emergency exists and that this appropriation must be provided, when the sensible thing to do would be to permit the legislative committee to hold hearings on the bill which has been introduced. If the committee authorizes an extension, certainly the appropriation should be made. If it is not authorized, there should be a sensible termination of this agency. Then in the second deficiency bill there should be appropriated the necessary money with which to close it out.

Mr. MAYBANK. Mr. President, since the Senator mentioned the Senator from South Carolina, in connection with the Senator from Washington, stating that we were not providing for reducing the personnel of the Office of the Housing Expediter, I may state that the full committee reduced the appropriation by enough to cut the number of employees by 250. I can understand that the Senator feels that might not be sufficient, and the reason for bringing in the terminal-leave question was that the employees in Alabama and other States would be dropped. I would certainly not be one to suggest that people who had nothing to do should be kept on the pay roll. I think the Senator knows me well enough to realize that.

Mr. DOUGLAS. Mr. President—

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Illinois?

Mr. CAIN. I yield.

Mr. DOUGLAS. Do I understand the proposal of the Senator from Washington correctly to be that he would allow the Housing Expediter \$1,400,000 additional cash with which to operate his agency, and that this sum, added to the \$900,000, which it is expected will still be available on the 1st of April, would give a total of \$2,300,000 for the period after April 1?

Mr. CAIN. I do not agree with those figures in detail, because the intention of my amendment is to give the Housing Expediter sufficient money so that together with what he has he will have a million dollars a month for the next 4 months.

Mr. DOUGLAS. Is it not true that \$2,600,000 of that will be earmarked for terminal-leave pay, and that thereafter it cannot be used for the current operation of the office?

Mr. CAIN. On the basis of what the Housing Expediter testified before the Committee on Appropriations a few days ago, on March 1 he would have \$2,600,000. That, added to the \$1,400,000, would give an operational monthly sum of a million dollars, which to many of us seems like a reasonable amount to provide.

Mr. DOUGLAS. I point out to the Senator from Washington that it is now the 9th of March, and that the current administrative cost is at the rate of \$1,700,000 a month. We cannot dismantle the agency immediately, and in my judgment we should not. That will leave, out of existing funds, \$900,000 on the 1st of April, to which the Senator from Washington would add \$1,400,000, making a total of \$2,300,000 for 3 months, from April 1 on.

Mr. President, this is the question I desire to ask: Does the Senator expect that \$2,300,000 to last the Housing Expediter for 3 months—April, May, and June?

Mr. CAIN. I cannot agree with the Senator's figures. The amendment I have offered, on the basis of the testimony presented to the committee by the housing expediter, would provide him with a million dollars a month for the next 4 months, and, answering the Senator's question, I would say that if the Housing Expediter cannot do a competent job during the next 4 months with \$4,000,000, in the face of a liquidating operation, we have less reason for rent control than I previously thought.

Mr. DOUGLAS. This month is now one-third gone, and therefore \$600,000, approximately, has been spent, leaving only \$2,000,000 as of this date. The Senator would add \$1,400,000, making \$3,400,000, to last for three and two-thirds months, and since it is not possible to give employees notice and put them out on the street overnight, in effect what the Senator is saying is that the Housing Expediter is to have only \$2,300,000 with which to operate his agency for 3 months, which I think means that what lies behind the Senator's proposal is a purpose to cut rent control before it legally expires.

Mr. O'MAHONEY and Mr. FERGUSON addressed the Chair.

The VICE PRESIDENT. Does the Senator from Washington yield?

Mr. CAIN. No; I shall myself respond to the Senator from Illinois.

Certainly if it were my intention to cut out the Office of the Housing Expediter by refusing him appropriations, I would not pursue the method I have used today. I have thought much about the subject, and I believe the amendment offered is about as reasonable as anything could be.

The facts in the case are that what we are going to say to the Housing Expediter is, "The Senate wants you to do the sort of job we have been expecting you to do for a long time." I do not have to tell the Housing Expediter where to look for his reductions. If there is a State in the Union called Missouri which, when we passed the law back in June 1949, had 140 employees operating the rent-control offices throughout the State, and 6 months later there were 150, I would say to the Housing Expediter, "You cannot justify that. Now cut that pay roll and do not ask us how to cut it." That is only one State out of 48.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CAIN. I yield.

Mr. DOUGLAS. Is the Senator from Washington assuming that the funds now made available are to be the only funds which the Housing Expediter is to have until the end of June, while the present law continues in effect?

Mr. CAIN. That is a very difficult question to answer.

Mr. DOUGLAS. It is a very important question both to ask and to answer.

Mr. CAIN. Yes. The Senator has a perfect right to ask it and I want to answer it as best I can. I might very well vote for funds in addition to the \$1,400,000, but before I did so, if I had such authority, I would insist upon and participate in a hearing that was so concise that we would have a reasonable opportunity of understanding what sort of administrators we have got. My present feeling is—and the Senator from Illinois knows how I feel about the subject—that if I have not leaned over backwards in trying to reach a compromise which I thought would be acceptable to the Senate of the United States, I do not know what I have done about it. As an individual Senator I think \$1,400,000 is too much, but I am perfectly willing to go along in the interest of harmony and reason.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. CAIN. I yield.

Mr. O'MAHONEY. I may say to the Senator that I feel he has made himself perfectly plain. Is it not the intention of the Senator from Washington to have this body understand that he is not, by the amendment which he proposes, and which I have accepted, undertaking to issue any specific directive to the Housing Expediter?

Mr. CAIN. Of course he is not, except as an individual Senator feels constrained so to do.

Mr. O'MAHONEY. The Senator from Washington expressed his opinion, and he did so with a great deal of clarity. I may say, that in his judgment rent control should terminate on the 30th of

June, and that \$1,400,000 in addition to what is now on hand would be adequate to do that job?

Mr. CAIN. Yes.

Mr. O'MAHONEY. But he concedes that there are other Members of the Senate and of the House who may have a different opinion, and he concedes that the Housing Expediter may, though he deems it very unlikely, be able to present evidence which would convince even the Senator from Washington that perhaps something more than \$1,400,000 might be required?

Mr. CAIN. The Senator understands my position exactly. I do not think the Housing Expediter will need any more money, but it is up to him to prove any need for additional funds, and up to the Congress to determine what shall be done.

Mr. O'MAHONEY. On the basis of that statement I again say I accept the modification of the amendment.

The VICE PRESIDENT. The Senator from Wyoming accepts the modification of the committee amendment, which the Secretary will now read, as modified.

The CHIEF CLERK. On page 3, line 4, after the word "Expediter", it is proposed to insert "\$4,000,000 of which", and in the same line it is proposed to strike out "to be used" and insert "shall be available", so as to make the amendment, as modified, read:

For an additional amount for "Salaries and expenses, Office of the Housing Expediter," \$4,000,000 of which \$2,600,000 shall be available for the payment of terminal leave only.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. CAIN. I yield.

Mr. FERGUSON. I wish to ask the Senator from Washington whether the statement made by the distinguished Senator from Wyoming will not bring about exactly what has happened to date in the rent administration? Will they not cite that statement as the reason why they have not laid off one employee, and when they come back on the second deficiency will they not say that in the record of the debate of the Senate is the indication that they were not to cut down at all, but were to use all of their employees up to the very day they come before Congress on the second deficiency appropriation? Is not that exactly what Mr. Woods or others in his office will say?

Mr. CAIN. I am glad the Senator asked the question. I disagree with him, but the importance of the question is that it permits me and other Senators to say what we want to say. In offering the amendment the junior Senator from Washington is saying to the Office of the Housing Expediter, "If you are reasonable, if you possess any fragment of common sense, you had better start to administer your job properly and efficiently, because the chances are very great that you are out of business on June 30, 1950."

But if in the face of that comment the Housing Expediter thinks he should disagree with the Senator from Washington, very well, that to me is an American procedure, and he or any other Federal agent is entitled to make a request for additional funds when he sees fit.

So I do not think I could have answered the question of the Senator from Wyoming in any other fashion and been honest, in an effort to be clear and reasonable about the matter.

Mr. FERGUSON. But the Senator has not answered the question I put to him, which is whether he believes that Mr. Woods will not reduce his force, but will return to Congress on the strength of the statement made by the Senator from Wyoming, that is, he might come back here and make a request for further funds?

Mr. CAIN. A man can only make a guess. In view of the fact that the Office of the Housing Expediter is represented by several excellent gentlemen who now sit in the gallery, at least among the occupants of the gallery are some who represent that Office—

Mr. FERGUSON. How many are in the gallery?

Mr. CAIN. There are several known to me. There is one very interesting gentleman there. I do not know whether we would call him a lobbyist or not, but he is on the pay roll of the Office of the Housing Expediter, to keep in touch with what we are doing in Congress.

Mr. LUCAS. A liaison officer.

Mr. CAIN. Yes; a liaison officer. His name is Henry Van Veen. I consider him to be a very able gentleman. But when Mr. Van Veen returns to his office he is likely to say to the Housing Expediter, "Look, there are some Senators who mean what they say. We had better get out our pencils and do a little scratching, because we are luckier than we thought we would be, and are going to receive \$1,400,000. We were frightened that through using that inaccurate information we used a couple of weeks ago before the Appropriation Committee we had cut ourselves off completely, but we ought to be grateful for what we are going to receive, and we ought to wind up our affairs by June 30 and act accordingly."

I say to my colleague, the Senator from Michigan that I hope the Housing Expediter will take this matter seriously, and even if he asks for more money between now and June 30, he will have good reason to think he will not receive it.

Mr. Van Veen, my compliments to you and your boss, whom we seek to return to private productive life not later than June 30, 1950.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] as modified, to the committee amendment.

Mr. WHERRY. I suggest the absence of a quorum.

The VICE PRESIDENT. The secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Dworshak	Gurney
Brewster	Eastland	Hayden
Bricker	Ecton	Hendrickson
Bridges	Ellender	Hickenlooper
Byrd	Ferguson	Hill
Cain	Flanders	Holland
Capehart	Frear	Humphrey
Connally	Fulbright	Hunt
Darby	George	Ives
Donnell	Graham	Johnson, Colo.
Douglas	Green	Johnson, Tex.

Johnston, S. C.	Maybank	Sparkman
Kefauver	Millikin	Stennis
Kem	Mundt	Taylor
Kilgore	Murray	Thomas, Okla.
Knowland	Myers	Thye
Langer	Neely	Tobey
Lehman	O'Connor	Tydings
Lodge	O'Mahoney	Watkins
Lucas	Robertson	Wherry
McClellan	Russell	Wiley
McKellar	Schoeppel	Williams
McMahon	Smith, Maine	Withers
Magnuson	Smith, N. J.	Young

The VICE PRESIDENT. A quorum is present.

The question is on agreeing to the modified amendment of the Senator from Wyoming to the committee amendment on page 3, in line 4.

Mr. IVES. Mr. President, it is going to be with a great deal of misgiving that I shall support the amendment as I believe it has now been modified, so as to read about as I have written it on my copy of the bill. I shall read it, in order to see whether I have recorded it correctly:

On page 3, in line 3:

For an additional amount for "Salaries and expenses, Office of the Housing Expediter," \$4,000,000, of which \$2,600,000 shall be available for the payment of terminal leave only.

Is that correct?

Mr. CAIN. That is a correct statement of the amendment, as modified.

Mr. IVES. Mr. President, after listening to the discussion of this matter, I am satisfied that a sufficient appropriation is not proposed to be made in this case. I think the appropriation should be at least another \$1,000,000, and perhaps an additional \$2,000,000, in order that the job may be done in accordance with what is contemplated by the overall language contained in the bill.

However, I understand that the members of the Appropriations Committee are willing to look after the matter in the future, if it is found that an additional appropriation may be necessary; that they recognize the situation as I have more or less described it; and that if a further appropriation is necessary, they will come to the rescue of the Housing Expediter and of the Rent Control Administration, in respect to providing an additional sum of money in a subsequent appropriation bill or in a later deficiency bill.

With that understanding, I shall reluctantly support the amendment.

Mr. FLANDERS. Mr. President, I should like to express support and misgivings along the line of those which have been expressed by the senior Senator from New York [Mr. IVES].

Let me observe that I believe it to be the intent of this body to end rent control on June 30. I may have misinterpreted the sentiment of the Senate as to that, but I judge that that is the prevailing sentiment here.

I should say that when and as the Administrator comes before the Appropriations Committee requesting further relief, he should be asked to show that at the time he makes such request, he has reduced his operations and the size of his staff in proportion to the time which has elapsed, so that he will not be making such a request for a sum which would involve the maintenance up to the end of the fiscal year of anywhere near the pres-

ent size of operations or the present size of the staff.

Mr. McKELLAR. Mr. President, in view of what the Senator from New York and the Senator from Vermont have said, I desire to say that I have not entered into any agreement to vote for an additional appropriation in the spring of the year. Any witness who appears before our committee will receive a respectful hearing, and we shall obtain the facts and we shall pass upon them at the time.

There has been no agreement of the kind which has been inferred, it seems to me. I may have been mistaken in my understanding of the inference; but I hope that the Senators who have just spoken do not think that I, as chairman of the Appropriations Committee, or other members of the Appropriations Committee have committed ourselves about this matter.

Mr. IVES. Mr. President, the Senator from New York understands correctly, does he not, that from the statement of the very able Senator from Tennessee, the Senator from Tennessee himself and the other members of the Appropriations Committee will give every consideration to any subsequent request of this nature?

Mr. McKELLAR. Of course, that is all right; if the Senator from New York stops there, that is correct.

Mr. IVES. That is as far as I go in my question.

Mr. McKELLAR. That is as far as I can go.

Mr. IVES. I should very much like to have the Senator from Tennessee go further.

The VICE PRESIDENT. The question is on agreeing to the modified amendment of the Senator from Wyoming to the committee amendment on page 3, in line 4.

Mr. TOBEY. Mr. President, I find myself in sympathy and in consonance in large degree with the remarks which have been made by the distinguished senior Senator from New York [Mr. IVES] and by my colleague from my neighboring State of Vermont [Mr. FLANDERS].

I fought for rent control as valiantly as I knew how during the war years and during the post-war years. But emergencies should end at some time; there should be a norm, and rent control should not be the norm, under any circumstances.

A year ago on this floor and in committee we served notice on the States in general that the end of rent control was in sight; and some of us were bold enough to say that we never again would vote to continue rent control. I was one of that number.

In the committee we are to hold hearings at the end of April looking to the taking of action in respect to the ending of rent control. I have an idea what that verdict will be, and I hope my idea will prove to be correct. I hope also that when we get through with the hearings, and report to the Senate, the action of the Senate on rent control will be akin to the advice given by a famous fellow, "Embalm, bury, cremate, and freeze—take no chances."

Mr. LEHMAN. Mr. President, I wish to associate myself with the remarks

made by the senior Senator from New York and the Senator from Vermont. I shall vote for the amendment. I do so reluctantly. I want to see rent control continued. I believe the amount which is being appropriated at this time is insufficient to continue the operations of the office until June 30, and I shall vote for the amendment only because we have the assurance that if a further appropriation is requested, the Appropriations Committee will give very careful consideration to it.

Mr. WHERRY. Mr. President, I should like to ask the distinguished Vice President to have the Clerk read the amendment we are about to vote on.

The VICE PRESIDENT. The Secretary will read again the amendment as it has been modified.

The CHIEF CLERK. The amendment, as modified, reads as follows: "For an additional amount for 'Salaries and expenses, Office of the Housing Expediter,' \$4,000,000, of which \$2,600,000 shall be available for the payment of terminal leave only."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] as modified.

Mr. WHERRY. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. O'MAHONEY. I suggest the absence of a quorum.

The VICE PRESIDENT. Since the last quorum call a few minutes ago no business has been transacted.

Mr. O'MAHONEY. I withdraw the suggestion.

The VICE PRESIDENT. The yeas and nays having been ordered, the Secretary will call the roll.

The Chief Clerk called the roll.

Mr. MYERS. I announce that the Senators from New Mexico [Mr. ANDERSON] and Mr. CHAVEZ, the Senator from Kentucky [Mr. CHAPMAN], the Senator from North Carolina [Mr. HOEY], and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Connecticut [Mr. BENTON] and the Senator from California [Mr. DOWNEY] are necessarily absent.

The Senator from Iowa [Mr. GILLETTE], the Senator from Oklahoma [Mr. KERR], and the Senator from Arizona [Mr. McFARLAND] are absent on official business.

The Senator from Rhode Island [Mr. LEAHY] is absent because of illness.

The Senator from Louisiana [Mr. LONG], the Senator from Nevada [Mr. McCARRAN], and the Senator from Utah [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Nevada [Mr. McCARRAN] is paired on this vote with the Senator from Wisconsin [Mr. McCARTHY]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Wisconsin would vote "nay."

If present and voting the Senator from Connecticut [Mr. BENTON], the Senator from California [Mr. DOWNEY], the Senator from Rhode Island [Mr.

LEAHY], and the Senator from Utah [Mr. THOMAS] would vote "yea."

Mr. WHERRY. I announce that the Senator from Nevada [Mr. MALONE], and the Senator from Pennsylvania [Mr. MARTIN] are absent on official business.

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate.

The Senator from Indiana [Mr. JENNER], the Senator from Ohio [Mr. TAFT], and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

The Senator from Nebraska [Mr. BUTLER], the Senator from Oregon [Mr. CORDON], the Senator from Wisconsin [Mr. McCARTHY], and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business.

The Senator from Oregon [Mr. MORSE] is paired with the Senator from Ohio [Mr. TAFT]. If present and voting, the Senator from Oregon would vote "yea," and the Senator from Ohio would vote "nay."

The Senator from Nebraska [Mr. BUTLER] is paired with the Senator from Oregon [Mr. CORDON]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Oregon would vote "nay."

The Senator from Wisconsin [Mr. McCARTHY] is paired with the Senator from Nevada [Mr. McCARRAN]. If present and voting, the Senator from Wisconsin would vote "nay," and the Senator from Nevada would vote "yea."

The result was announced—yeas 44, nays 28, as follows:

YEAS—44

Aiken	Hunt	Millikin
Cain	Ives	Murray
Capehart	Johnson, Colo.	Myers
Connally	Johnson, Tex.	Neely
Darby	Johnston, S. C.	O'Mahoney
Douglas	Kefauver	Russell
Flanders	Kilgore	Schoeppel
Fulbright	Langer	Smith, Maine
Graham	Lehman	Smith, N. J.
Green	Lodge	Sparkman
Hayden	Lucas	Taylor
Hendrickson	McKellar	Thomas, Okla.
Hill	McMahon	Tobey
Holland	Magnuson	Withers
Humphrey	Maybank	

NAYS—28

Brewster	Frear	Stennis
Bricker	George	Thye
Bridges	Gurney	Tydings
Byrd	Hickenlooper	Watkins
Donnell	Kem	Wherry
Dworshak	Knowland	Wiley
Eastland	McClellan	Williams
Eaton	Mundt	Young
Ellender	O'Connor	
Ferguson	Robertson	

NOT VOTING—24

Anderson	Hoey	Malone
Benton	Jenner	Martin
Butler	Kerr	Morse
Chapman	Leahy	Pepper
Chavez	Long	Saltonstall
Cordon	McCarran	Taft
Downey	McCarthy	Thomas, Utah
Gillette	McFarland	Vandenberg

So Mr. O'MAHONEY's amendment, as modified, was agreed to.

The VICE PRESIDENT. The question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

The VICE PRESIDENT. The Senator from Florida desires to offer an amendment to an amendment which has been agreed to on page 4. Without objection,

the vote by which that amendment was agreed to is reconsidered.

Mr. HOLLAND. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 7, it is proposed to strike out "\$8,500,000" and insert in lieu thereof "\$9,500,000."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida.

Mr. HOLLAND. Mr. President, in the storm in south Florida in August of last year very heavy damage was done to the levees around Lake Okeechobee, so heavy that if there should be a similar storm this fall or in any ensuing fall, the levees would be torn down and the waters of the lake would be thrown upon 35,000 to 50,000 persons who live in the small towns around the shore of the lake. In view of that fact, and in the absence of a special emergency fund to complete repairs, the President, in his supplemental budget message of January 27, included this item:

For an additional amount for "Flood control, general," \$1,000,000, to remain available until expended.

The hurricane that passed over Lake Okeechobee, Fla., in August 1949 was the most severe since completion of the Federal levees on the southern and eastern shores of the lake in 1936. While no direct levee failure occurred as a result of the hurricane, the structures were weakened by erosion at a number of points and it is essential that they be repaired and strengthened to forestall a serious break during another storm of equal or greater intensity and thereby prevent a disaster of major proportions in the area.

Mr. BRIDGES. Mr. President, will the Senator yield for a question?

Mr. HOLLAND. I yield.

Mr. BRIDGES. Can the Senator say why the amendment is being proposed without going through the usual course of hearings which would normally be expected on a question of this kind?

Mr. HOLLAND. I am unable to answer the question, except that it may be by reason of the time limitation. The supplemental budget message came on January 27. I notice that the House took action on February 8. I had no notice of the matter at all as pending before the Senate committee until after the bill was reported. I have discussed it with the distinguished Senator who is chairman of the committee [Mr. McKellar], and it had not been called to his attention. I think it was one of those things that happen so closely in point of time with the actual work by the committees on the deficiency bill that it did not come up for hearing. I say to the Senator, however, that the situation is so acute that I think, if he will permit me to conclude my reading from the supplemental budget estimate, he will find that not only the President, but also the engineers, in their justification, make it clear that unless the damage be repaired before the storm season this coming fall there will be offered a terribly grave hazard to the communities

surrounding Lake Okeechobee, and that this is indeed an emergency measure.

Mr. McKELLAR. Mr. President, will the Senator yield to me for a question?

Mr. HOLLAND. I yield.

Mr. McKELLAR. First, I want to read from a letter from the Department of the Army, Office of the Chief of Engineers, dated February 28, 1950:

With respect to the \$1,000,000 requested under the appropriation title, "Flood control, general," the additional funds are required at the earliest practicable date in order to insure that the remaining repair work of an urgent nature be completed prior to the 1950 hurricane season. The time remaining to advertise, award contracts, and perform the work prior to the hurricane season which begins in August is extremely short for the accomplishment of the work. It is evident, therefore, that any material delay in securing these appropriations may prevent completion of all work by the required date.

As I understand, there has already occurred a very serious hurricane around Lake Okeechobee which was very destructive to both lives and property, and it was upon that evidence that the committee acted.

Mr. HOLLAND. I appreciate the statement of the Senator from Tennessee. This has reference to the same levees which were designed to protect the communities around the lake from disasters similar to those sustained in 1926, when 300 lives were lost, and in 1928, when 2,200 lives were lost. I believe the distinguished Senator from Utah [Mr. WATKINS] had seen the levees since I have seen them; if so, I should like to have him make any comment he desires to make.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. HOLLAND. I shall be happy to yield to the distinguished Senator from Utah.

Mr. WATKINS. Mr. President, I was recently in Florida and made a 3-day inspection, and I am in full accord with what the Army engineers say regarding the necessity for immediate help. I think, under the circumstances, the only wise thing we can do is to appropriate the necessary money and have the work done as soon as possible. The work needs to be started promptly in order to provide safety for the persons who live in the communities around the lake. From a personal inspection, I am sure this particular amendment should be agreed to.

Mr. HOLLAND. I appreciate what the distinguished Senator has said, and I also appreciate the statement of the distinguished chairman of the committee who, I understand, is ready to accept my amendment.

Mr. President, I ask unanimous consent that the remainder of the statement in the supplemental budget estimate be included as a part of my remarks, together with the justification of the Army engineers in connection with the same project.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Without objection, it is so ordered.

The matters ordered to be printed in the RECORD are as follows:

Immediate repairs were made to the structures at some of the most critical points with the use of available funds. Additional funds in the amount of \$1,000,000 are required at the earliest practicable date in order to insure that the remaining repair work of an urgent nature may be completed prior to the 1950 hurricane season.

[From justification of the Corps of Engineers]

The emergency repair work required on the Lake Okeechobee levees was caused during the hurricane of August 1949 when this system of levees was subjected to the severest storm which has occurred in that area since their completion. Hurricane winds of velocities up to 110 miles per hour continued for a period of almost 9 hours during this storm and caused serious erosion on the lakeside of these levees. The levees afforded protection to the communities along the southern and eastern shores of Lake Okeechobee and protected this rich agricultural area from a repetition of the disaster which occurred in 1928.

In order that this levee system may be repaired and put in first-class condition prior to the 1950 hurricane season it is absolutely essential that this supplemental appropriation be included in the deficiency bill now being considered. The omission of this repair work would make it possible for any severe storm which might occur this fall to do serious damage to these levees and would involve an unnecessary risk of great loss of human life in the event that the levee system should fail at the height of another hurricane.

I urge that the deficiency bill be amended to include the amounts requested by the President for emergency flood-control work to be carried out by the Corps of Engineers.

Mr. CAPEHART. Mr. President, I could make a similar argument for adding an additional \$500,000 to the deficiency appropriation bill to repair and build a new flood wall at Vincennes, Ind., which was almost completely wiped out in January of this year. The Army had a thousand men there for more than 3 weeks, and I should think it cost the Government several hundred thousand dollars to maintain the soldiers. The city had approximately 3,500 persons working for many days. The city was saved only by virtue of the fact that the levee on the Illinois side broke in three places, which saved the city of Vincennes from being completely washed away. Had the flood wall broken there would have been anywhere from 2 to 12 feet of water throughout the entire city of Vincennes.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. McCLELLAN. I will say to the distinguished Senator from Indiana that I shall offer an amendment, as soon as I can get the floor, to provide for a \$4,000,000 emergency fund to repair levees and do other emergency work in order to repair damages caused by recent floods. If my amendment is agreed to, it probably will include the work which the Senator from Indiana has in mind.

Mr. CAPEHART. Mr. President, I appeared before the Appropriations Committee a few days ago in behalf of the

project at Vincennes, because if there ever was an emergency, there is one existing in that city.

I shall not offer an amendment at this time, hoping that the Appropriations Committee will include \$500,000 for the Vincennes project in the regular appropriation bill, but if we have to fight for some relief for the city of Vincennes, we shall do so. While I know nothing regarding the merits of the amendment of the able Senator from Florida [Mr. HOLLAND], if he says there is an emergency there, and it is a matter of repairing the levee and not building a new one, I am inclined to go along with him. I wanted to serve notice on the Senate that there is a situation in Indiana which I am sure is equally deserving of prompt attention.

Mr. HOLLAND. I appreciate the comment of the Senator from Indiana. I assure him that this is an emergency, and I assure him that the appropriation is solely for the purpose of repairing the existing levee, which was built by the Federal Government at an expense of about \$20,000,000, so as to avert disasters such as occurred in 1926 and 1928, when 2,500 human lives were lost in two storms. At that time the population in the communities living around the rim of the lake was less than half as great as the population today. So a disaster occurring today might be of far greater proportions than the previous disasters.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. CAPEHART. I should like to invite the attention of the Senate to the fact that the flood wall at Vincennes, Ind., was built by the Federal Government.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. HOLLAND].

The amendment was agreed to.

Mr. McCLELLAN. Mr. President, I have sent to the desk an amendment, which has been printed, and which the junior Senator from Louisiana [Mr. LONG] had intended to offer. The junior Senator from Louisiana is unavoidably absent from the Senate today, and at his request I ask that the amendment be stated.

Mr. McKELLAR. Just a moment, please. I have unanimous consent that the committee amendments shall be considered first. Will the Senator wait?

Mr. McCLELLAN. This is an amendment to a committee amendment. I am perfectly willing to wait, but I thought I should proceed now, inasmuch as the other amendment was considered.

Mr. McKELLAR. If the Senator's amendment is offered as an amendment to a committee amendment, and he wishes to take the course he has suggested, I am perfectly willing that he do so.

Mr. McCLELLAN. I do not wish to take any course. I thought this was the proper time to offer the amendment. If it is not, I am perfectly willing to defer the offer until the committee

amendments have been disposed of. I did not understand the situation. I thought the committee amendments had been approved and that we had gotten to individual amendments.

Mr. McKELLAR. No. We shall be through in a few minutes.

Mr. McCLELLAN. I shall withhold the offer of the amendment.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, under the heading "Department of the Interior," on page 4, after line 12, to insert:

BUREAU OF RECLAMATION
RECLAMATION FUND

The following sums are appropriated out of the reclamation fund created by the act of June 17, 1902, as follows:

CONSTRUCTION

For additional amounts for "Construction," to remain available until expended, as follows:

San Luis Valley project, Colorado, \$630,000.

Lewiston Orchards project, Idaho, \$245,600.

The amendment was agreed to.

The next amendment was, at the top of page 5, to insert:

DEPARTMENT OF LABOR

BUREAU OF EMPLOYMENT SECURITY

Reconversion unemployment benefits for seamen

For an additional amount for "Reconversion unemployment benefits for seamen," \$168,000.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. McCLELLAN. Mr. President, I renew my offer of the amendment on behalf of the Senator from Louisiana [Mr. Long], which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, after line 7, it is proposed to insert the following:

FLOOD CONTROL, GENERAL (EMERGENCY FUND)

For an additional amount for "Flood control, general (emergency fund)," as authorized by the Flood Control Act of 1948 (Public Law 858, approved June 30, 1948), \$4,000,000, to remain available until expended.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. McCLELLAN] on behalf of the Senator from Louisiana [Mr. Long].

Mr. McCLELLAN. The junior Senator from Louisiana had prepared a statement in support of the amendment which has just been adopted, and I should like to have unanimous consent to have his statement printed in the RECORD at this point. I call the Senate's attention to the fact that this amendment proposes an emergency appropriation of \$4,000,000. In the past we have been appropriating emergency funds for this work, but we have usually waited until after the disaster had occurred.

We have usually passed an authorization bill in an emergency, and then a deficiency appropriation to meet the emergency. However, in the 1948 act we provided a general authorization of \$25,000,000 for the purpose. This amend-

ment merely provides for a \$4,000,000 appropriation against the \$25,000,000 authorization, to do the repair work on the damage which was caused by recent floods. The Bureau of the Budget has approved the amount, and has sent down a request for it.

Mr. LANGER. Mr. President, I should like to have the statement of the Senator from Louisiana read.

Mr. McCLELLAN. I shall be very glad to read it. I was merely trying to expedite the work of the Senate. The statement prepared by the Senator from Louisiana is as follows:

Section 208 of the Flood Control Act of June 30, 1948, provided an authorization of \$25,000,000 for emergency flood purposes—the repair, restoration, and strengthening of levee and other flood-control works which have been destroyed or threatened by floods or which are subject to destruction by later floods. This was the first continuing authority granted by the Congress for such purposes. Many Senators will recall that, prior to enactment of this legislation, every flood season—which meant nearly every year—special authorizing legislation had to be rushed through and then a deficiency appropriation provided in order to meet the immediate emergency needs.

My amendment provides for an appropriation of \$4,000,000 against this authorization. There was no appropriation under this item in the regular 1950 appropriation bill, and the Army engineers are without funds to do the necessary emergency work occasioned by the disastrous floods suffered in the Ohio and Mississippi Basins during the last few weeks.

The amendment I offer is supported by a budget estimate submitted by the President on January 27, as reflected by House Document 455, Eighty-first Congress.

These funds will be used in the areas which have recently suffered from flood or which might suffer from floods during the next few months, which incidentally covers that period of the year which we generally consider the flood season.

While I am not familiar with the details in the remainder of the Nation, I do know that already along the lower Mississippi the need for this emergency work is great. For instance, along the Mississippi River in west Tennessee breaches occurred in some of the local protection works which should be repaired immediately before the late spring comes. This work, I understand, will cost about \$100,000 and is urgent.

In my own State of Louisiana the strain upon the levee system has been and will continue to be great. Funds are required for flood fighting, and repairs must be made as soon as the floods subside sufficiently to allow it. The Army engineers have informed me that funds exceeding \$1,000,000 will be needed in the New Orleans district alone to provide for flood fighting and for repairs required under present distressing conditions to restore existing facilities for protection against high water normally experienced later in the spring. And I might point out that much of the flood area in my State is within the Vicksburg district, so that the estimate of \$1,000,000 does not include all that is immediately needed in Louisiana.

This is an urgent matter and requires our early attention. I implore the Senate to adopt my amendment so that these funds can be made available at the time when they are most needed—and that time is now.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. DONNELL. Will not the Senator be kind enough to tell us by whom, under the existing law, the determination will

be made as to if, when, and where any of this fund shall be expended, if its expenditure shall be authorized?

Mr. McCLELLAN. I shall be glad to read that section of the act for the information of the Senator and others who may be interested. Section 208 of the Flood Control Act approved June 30, 1948, reads as follows:

Sec. 208. That the sum of \$25,000,000 is hereby authorized to be appropriated as an emergency fund to be expended under the direction of the Secretary of the Army and the supervision of the Chief of Engineers for the repair, restoration, and strengthening of levees and other flood-control works which have been threatened or destroyed by recent floods, or which may be threatened or destroyed by later floods, including the raising, extending, or other modification of such works as may be necessary in the discretion of the Chief of Engineers for the adequate functioning of the works for flood control: *Provided*, That local interests shall provide without cost to the United States all lands, easements, and rights-of-way necessary for the work and shall maintain and operate all the works after completion in a manner satisfactory to the Chief of Engineers: *Provided further*, That pending the appropriation of said sum, the Secretary of the Army may allot from existing flood-control appropriations such sums as may be necessary for the immediate prosecution of the work authorized by this section, such appropriations to be reimbursed from said emergency fund when appropriated: *And provided further*, That funds allotted under this authority shall not be diverted from the unobligated funds from the appropriation "Flood control, general", made available in War Department Civil Functions Appropriation Acts for specific purposes.

Mr. President, that is the basic authorization, and no appropriation has been made against that authorization up to date, I may say.

Mr. DONNELL. I thank the Senator.

Mr. THYE. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. THYE. I desire to be recognized to make an inquiry about the item of \$803,000. I take it the Senator from Arkansas has not concluded.

Mr. McCLELLAN. I have concluded.

Mr. KEM. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield to the Senator from Missouri.

Mr. KEM. I ask the Senator from Arkansas if there is any geographical limit to the levees contemplated by the amendment?

Mr. McCLELLAN. None whatsoever. The fund would be a Nation-wide emergency fund. I am sure it would apply, for instance, to the project referred to by the Senator from Indiana, if it has been damaged to the point where repairs are needed. Of course, it would not apply to a new project, or the enlargement or expansion of a project. If a levee wall which is now in existence has been damaged to the point where it would not afford normal protection, the fund would be available to repair the damage to that wall.

Mr. KEM. Who decides what projects should receive allocations? The Chief of Engineers? Is discretion placed with him?

Mr. McCLELLAN. He must determine how the money shall be expended.

The fund is actually designed to protect investments the Government has already made, or that local communities have made together with the Government in building levees and other flood-control works, which become so impaired that they need strengthening to restore their normal protective power, or, if destroyed, they need to be replaced. But the provision does not authorize the building of a new project, nor does it authorize the expansion of any existing project, other than to make restoration and repair where damage has actually occurred.

Mr. KEM. And the Chief of Engineers decides what projects are to receive attention?

Mr. McCLELLAN. That is correct. It is a general fund for his use in the overall program throughout the Nation.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. CAPEHART. For example, it would include, would it not, the replacing of 100 feet of levee which might have been washed out?

Mr. McCLELLAN. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. McCLELLAN] on behalf of the Senator from Louisiana [Mr. Long], on page 4, after line 7.

The amendment was agreed to.

Mr. O'MAHONEY. Mr. President, there is an amendment lying on the desk, submitted by my colleague and me, which I call up and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, after line 18, it is proposed to insert the following:

AGRICULTURAL RESEARCH ADMINISTRATION
BUREAU OF ENTOMOLOGY AND PLANT
QUARANTINE

*Control of emergency outbreaks of insects
and plant diseases*

For an additional amount for "Control of emergency outbreaks of insects and plant diseases," \$2,200,000, to remain available until September 30, 1950; and the limitation under this head in the Department of Agriculture Appropriation Act, 1950, on the purchase of airplanes, is increased from "three" to "six."

Mr. O'MAHONEY. Mr. President, the amendment is supported by the budget estimate which was sent to the Congress, and which is reported in House Document No. 455, beginning at page 9. It is a supplemental estimate for the control of emergency outbreaks of insects and plant diseases, in the amount of \$2,200,000. It has been offered by my colleague the junior Senator from Wyoming [Mr. HUNT] and myself because of the emergency character of the grasshopper infestation in the West at this moment.

I am glad to be able to report to the Senate, as I did to the Appropriations Committee, that the Wyoming Legislature, on February 27, at a special session called for the purpose by the Governor of Wyoming, the Honorable A. G. Crane, passed a special act appropriating \$750,000 for the attack upon grasshopper infestation. The State of Wyoming was

motivated to make this appropriation of \$750,000 to cooperate with the Federal Government in fighting grasshopper infestation because of the realization of the great danger grasshoppers represent to the livestock industry.

I may say, Mr. President, that the Department of Agriculture, through the Bureau of Entomology and Plant Quarantine, has been working on this project for several years. Last year an appropriation was made, but it was made so late in the year that it did not prove as effective as was hoped. To suppress the grasshopper plague it is essential to have the work done in the spring, and it was for this reason that the Governor of Wyoming called a special session of the legislature to meet in February to provide the funds. It is necessary that funds be made available by the Federal Government at the same time.

This problem affects not only Wyoming but it affects South Dakota, North Dakota, Montana, parts of Nebraska, and parts of other Western States, going down even to New Mexico and Arizona.

The purpose of offering the amendment at this time, instead of waiting until the regular agricultural appropriation bill is acted upon, or another deficiency bill comes up, is because by making the money available now it will be possible to get the campaign organized at an early date so that it will be more effective. In other words, there will be received a greater return per dollar of expenditure by making the appropriation now than it would be possible to receive if it were delayed until a later time.

I have here for examination by such Senators as may care to see it, the report of the Commissioner of Agriculture for the State of Wyoming. It contains a table which shows the tremendous increase of infestation. In 1946, 100,000 acres in Wyoming were infested by grasshoppers. What this means the Members of the Senate will understand when I say to them that after the drought of 1934, when I went through the eastern counties of my State, it is the solemn fact that the fields of the farmers, the hay fields and the grain fields, were just as bare of vegetation as the top of any desk in the Senate. They had been completely denuded by the grasshoppers.

So I say, in 1946, with a new outbreak, 100,000 acres were infested. In 1949 that had increased to 3,400,000 acres. Members of the Senate Committee on Appropriations from nearby States who have had personal experience with such infestation, have joined in expressing the hope that speedy action may be taken on the amendment in order that the work, for which a budget estimate has been made, which is being carried on efficiently by the Department of Agriculture, and in which, in the State of Wyoming, the State authorities will cooperate, can be started at the earliest possible moment.

Mr. President, I think the explanation, though hurriedly made, presents thoroughly the reasons why the appropriation should be provided.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. LANGER. There is no provision of any kind for any county or any State matching any of these funds, is there?

Mr. O'MAHONEY. Not in the amendment. I may say that in the State of Wyoming the State will cooperate, the counties will cooperate, the county commissioners will cooperate, local farmers will cooperate under the law adopted by the State legislature.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. O'MAHONEY. I yield.

Mr. LANGER. I compliment the distinguished Senator from Wyoming for submitting the amendment. I may say that the situation in the States he has mentioned is desperate. County commissioners in county after county have been meeting for months trying to figure out some way to stop the infestation, to stop the hatching of the grasshoppers. The situation is such that it is very difficult for a county or for a State to act by itself. I think the Senator from Wyoming will bear me out when I say that the fight must be made in such a way as to cover the entire area. Am I correct in that statement?

Mr. O'MAHONEY. The Senator is quite correct. I may point out that the great danger arises from the fact that the grasshopper is a migratory insect.

Mr. LANGER. That is true.

Mr. O'MAHONEY. And if the young grasshoppers are permitted to grow to maturity they will fly to other areas, to other States. They are carried by airplanes, and no one can tell to what extent the infestation may spread.

Mr. LANGER. It is a national, and not a State problem.

Mr. O'MAHONEY. The Senator is correct.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. GURNEY. I am very happy to say that the story of the grasshopper menace this year, with which we battled last year, was thoroughly explained to the Appropriations Committee this morning. I want to join in the remarks made by the Senator from Wyoming and the Senator from North Dakota. The grasshopper infestation exists from the southeast corner of Colorado up into Canada. Not only is it an actual menace in the States of Nebraska, Wyoming and the Dakotas, but, if we allow the grasshopper to hatch and the insects to grow, it will put the whole farming area, even as far east as Minnesota and Wisconsin and Iowa, in jeopardy. That certainly can be substantiated by the experience of the past. If we do not have sufficient money to do the work of destroying the grasshoppers when they first hatch, we can anticipate the need for appropriating \$10 later, whereas \$1 would do the job now. Does the Senator from Wyoming agree with that statement?

Mr. O'MAHONEY. I not only agree with it, but I am very grateful to the Senator from South Dakota for having made it.

Mr. President, I hope the amendment will be adopted.

Mr. SCHOEPPPEL. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. SCHOEPPPEL. I note that there is in the amendment an item for the purchase of airplanes, with the number to be increased from 3 to 6. I should like to ask the Senator whether those planes are specially equipped, and whether it is more advisable to consider the renting or leasing of that type of equipment, rather than the outright ownership of it.

Mr. O'MAHONEY. Mr. President, I think it is very necessary that the Department of Agriculture should have such planes, because the Department operates throughout this area. So far as Wyoming is concerned, it is prepared under this appropriation to make contracts with private owners of airplanes to make the distribution of the bait. But I was satisfied from the testimony given by Dr. Rohwer, of the Bureau of Entomology and Plant Quarantine this morning, that it is highly essential that the Department be authorized to make those purchases.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I am very happy to yield.

Mr. HAYDEN. My recollection is that Dr. Rohwer's testimony was that the planes are suitable for distributing dry bait over a wide area. The Department also has another type of plane which uses liquid poison.

But planes of this type use dry bait, and the planes are obtained from Government sources—that is, they are transferred from the Army's reserve of planes.

Mr. TOBEY. Mr. President, will the Senator yield for a question?

Mr. O'MAHONEY. I yield.

Mr. TOBEY. Dry bait does not have the same great appeal that liquid bait has; does it?

Mr. HAYDEN. It is claimed that flake bran is considered by grasshoppers to be a great delicacy—I presume like cake—and that the authorities are very glad to use it for that purpose.

Mr. O'MAHONEY. Mr. President, I presume that we should make clear that the bait that is used in Arizona and in Wyoming is very different from the liquid bait in New Hampshire.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] for himself and his colleague [Mr. HUNT].

The amendment was agreed to.

Mr. O'MAHONEY subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a copy of the statute passed by the Wyoming Legislature on February 27, and a copy of the budget estimate in support of the amendment.

There being no objection, the statute and estimate were ordered to be printed in the RECORD, as follows:

COPY OF HOUSE BILL 22 AS AMENDED BY HOUSE STANDING COMMITTEE

A bill declaring an emergency, providing for a grasshopper control board, defining its powers, duties, and compensations, and appropriating funds for grasshopper control

Be it enacted by the Legislature of the State of Wyoming:

EMERGENCY DECLARED

SECTION 1. It having been determined that large areas of the State of Wyoming are and will be endangered by critical grasshopper infestation during the coming season, resulting in serious loss of valuable crops and pasturage in the State, the legislature declares an emergency to exist and invokes the police power of the State to endeavor within reasonable limits to meet said emergency and establish uniform methods for the control of grasshopper infestation throughout the State of Wyoming.

GRASSHOPPER CONTROL BOARD—CREATION

SEC. 2. For purposes of administering this act there is hereby created a board to be known as the grasshopper control board, consisting of five members, to be appointed forthwith by the Governor, who shall be resident landowners of the State of Wyoming actively engaged in farming or ranching in this State. Said board shall meet not later than 10 days after the effective date of this act and shall organize by electing one member of said board as chairman and one member of said board as vice chairman. The commissioner of agriculture shall act as secretary of said board.

COMPENSATION

SEC. 3. The members of the board shall receive as compensation for their services, \$12 a day for each day's attendance upon the business of the board and shall be reimbursed for expenses and necessary travel in the same manner and to the same extent as previously fixed for State officers.

POWERS AND DUTIES

SEC. 4. For the purpose of meeting said emergency the grasshopper control board shall have and exercise the following duties, powers and functions:

(a) To determine critically infested grasshopper areas within the State of Wyoming and to formulate and approve plans for the eradication of such infestation in said areas.

(b) To allocate, supervise, and expend the expenditures of funds appropriated by this act for the purpose of this emergency, provided that all vouchers shall be signed by the chairman and secretary of said board.

(c) To command the facilities and personnel of the Wyoming Aeronautics Commission and of the Wyoming Department of Agriculture and the county agents of the counties concerned within the scope of their statutory duties.

(d) To hire and employ such additional help and facilities as may be necessary to carry out the purposes of this act and to buy, rent, lease, or otherwise provide and dispose of equipment, materials, and supplies necessary to carry out the purposes of this act.

(e) To cooperate with individuals or voluntary groups, or with pest-control districts now or hereafter established under the laws of the State of Wyoming or any other local agencies set up for this purpose.

(f) Upon a showing by the State entomologist that lands are infested by grasshoppers, which are liable to spread to the injury of others, and the owners of said lands, or the person in charge or control of such premises, refuses to permit the grasshopper-control board to spread bait upon said lands, then in that event the said board may notify the owner of the lands, or person in charge or control thereof, in writing, and demand that

within a specified time certain specified work shall be done on the infested premises for the control and extermination of the grasshoppers. If the owner or person in charge or control of said lands fails or refuses to do effective work, within the time specified, upon said lands, the grasshopper-control board may take possession of the infested premises and do the work necessary for the control and extermination of grasshoppers thereon.

(g) To adopt rules and regulations consistent with the purposes of the act, including the method and manner of rendering aid and assistance; the care, use, and preservation of equipment, materials, and supplies purchased by the said board; and the keeping of records and accounts of its activities.

(h) To cooperate with all agencies of the United States Government interested in the control of grasshoppers.

(i) To compromise, settle, and pay all just claims arising from negligent operations under this act, and to prescribe a procedure for presentation and proof of said claims.

(j) To purchase ground-distributing machines for bait and allocate among the several counties on a loan basis said machines to farmers and ranchers in the infested areas.

(k) All control operations of the grasshopper-control board shall be terminated by December 1, 1950. All leases, equipment, and motor vehicles acquired under the authority of this act shall be disposed of by said board at a public auction to the highest bidder on or before January 1, 1951; provided, however, the board, if it deems advisable, may retain ground-distributing bait machines and mixing equipment which shall be transferred to the State department of agriculture. Said public auction may be held at such times and places and upon such notice as the board deems fit and proper. The proceeds derived from said public auction shall be covered into the general fund of the State. Prior to dissolution of the board, which shall be by action of the Governor of the State, and in no event later than January 10, 1951, the board shall submit to the Governor and the thirty-first State legislature a detailed report of its activities, accomplishments, and expenditures.

APPROPRIATION

SEC. 5. There is hereby appropriated out of the funds of the State of Wyoming, not otherwise appropriated, the sum of \$750,000, or so much thereof as may be necessary, for the purposes of carrying out the provisions of this act.

SEC. 6. The grasshopper-control board, or its duly constituted and appointed agents, shall draw upon and expend the funds appropriated in this act only in those operations instituted and controlled by said board or its agents. No agency or department of the United States Government may directly draw upon, or directly control, the expenditure of funds appropriated in this act, except as an agent of the grasshopper-control board.

SEC. 7. An emergency existing, this act shall be in effect from and after its passage and approval.

DEPARTMENT OF AGRICULTURE, AGRICULTURAL RESEARCH ADMINISTRATION, BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE

Appropriation—control of emergency outbreaks of insects and plant diseases, 1950

Appropriation to date.....	\$3,245,000
Obligations to Dec. 31, 1949....	2,282,065
Expenditures to Dec. 31, 1949....	2,060,343
Budget estimate next fiscal year..	2,500,000

¹ Excludes \$250,000 transferred to and made a part of the appropriation "Forest Pest Control Act," and includes \$1,750,000 appropriated by Public Law 215, 81st Cong., approved Aug. 8, 1949.

Request: \$2,200,000, to remain available until September 30, 1950.

Employment (for 6.5 months from March 15, 1950):

Average number, current appropriation	407
Number involved this estimate	57
Actual employment Dec. 31, 1949	337

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

Surveys completed in December indicate that grasshoppers will continue to be a major problem in 1950. Infestations of epidemic proportions are expected in at least 14 Western States. Both cultivated crops and range lands will be involved. Within the outbreak areas there are an estimated five and one-half million acres of low value range lands heavily infested from which migrations must be expected unless control measures are applied. Of this total somewhat more than 1,500,000 acres are public domain. The history of grasshoppers in the West shows that in the past the more widespread and destructive outbreaks have had their origin on marginal uncultivated or range lands and spread from there to crops. Until recently the extent and inaccessibility of these areas has made control of such outbreaks at their source practically impossible. With the new facilities now at hand this is no longer the case.

The proposed Federal-State cooperative grasshopper control program for the 1950 crop season provides for—

Demonstrating new methods of grasshopper control in crop areas and advising farmers with reference to timing of control effort	\$45,500
Furnishing bait materials for farmer use in areas where crop lands are intermingled with range areas and sprays or dusts are ineffective	558,000
Suppression of infestations on range lands before existing vegetation is destroyed and the grasshoppers move into crop areas	3,049,357
Total	3,652,857

It is proposed to finance the 1950 crop season control program as follows:

Present available funds	\$150,000
From 1950 pending supplemental estimate	2,200,000
From 1951 budget estimate	1,302,857

Total estimated cost..... 3,652,857

(a) To protect cultivated crops within infested areas farmers will be advised to use chlordane or toxaphene to spray or dust roadsides, field margins, or other uncultivated parts of their farms immediately after the grasshoppers hatch in the spring, thus preventing their dispersal into the fields. The Bureau will cooperate with States in advising county extension agents, other local agricultural leaders, and groups of farmers how and when to do control work for best results. It is proposed to assign one demonstrational unit, which consists of two men, a truck, and a sprayer or duster, to each State in which grasshoppers become a serious threat over extensive crop areas. The total number of such units in operation this year will not exceed 18. This work will be financed for the remainder of this fiscal year from funds currently available to the grasshopper control project and during the remainder of the crop season from funds contained in the regular appropriation item for the fiscal year 1951. The estimated cost

of these technical services is \$45,500. With the exception of this amount farmers will bear the entire cost of this phase of the program.

(b) The second phase of the 1950 program provides for cooperation with State and local agencies in the protection of crops in areas where crop lands are intermingled with or adjacent to nearby infested native grass lands. In such areas sprays and dusts have proved ineffective as a means of preventing maturing grasshoppers from shifting from grass lands into crops. In areas where this type of problem develops it is proposed that the Federal Government furnish the materials, the States and counties assume responsibility for mixing and storing the bait, and the farmers apply it in accordance with recommended procedures. It is believed that funds remaining available to the grasshopper-control project are adequate to finance this work until June 30. Provision has been made in the regular appropriation for the fiscal year 1951 for continuing the program during the remainder of the 1950 crop season. The estimated cost of this phase of the program which includes the purchase and distribution of 13,000 tons of bait materials is \$558,000 of which \$438,000 would apply to the 1951 appropriation.

(c) Each year since 1945 grasshoppers have been steadily increasing in numbers throughout much of the western half of the United States and Canada. Not until 1948 was there substantial evidence that this upward trend in the grasshopper population, which was most pronounced in the drier range areas of Wyoming, Montana, and South Dakota, might culminate in an outbreak similar to that experienced in the 1930's which resulted in the widespread destruction of crops throughout the plains area from Texas to the Canadian border and much forced marketing of livestock.

The purpose of this estimate is to enable the Department to assist States in undertaking prompt suppression of destructive infestations that develop in the more remote range areas before local vegetation is destroyed; and by reducing populations of grasshoppers in these areas, prevent their dispersal to high value crop lands where even greater damage would be unavoidable. To meet these objectives will require treatment of areas estimated to total 5,500,000 acres at the earliest possible date after grasshoppers hatch. Included in these areas are 1,500,000 acres of public domain, which is a responsibility of the Federal Government, and 4,000,000 acres of private holdings.

The range program for 1950 provides for Federal financing of the work on Federal lands. On private lands the Bureau will provide the bait materials, assist with the survey to determine the boundaries of areas needing treatment, and supervise the mixing of the bait. The cooperating agencies will furnish approximately half of the survey crew and the bait mixing crew. Ranchers will take the bait from the mixing stations, load the planes, and pay the aircraft operators.

Public domain (distribution of expenditures)
(Area requiring treatment (acres), 1,500,000)

Seasonal personnel (includes 11 survey men, 4 mixing station supervisors, 4 aircraft supervisors, 18 truck drivers, and 40 laborers)	\$60,847
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Materials:	
Bran, 7,500 tons at \$60	450,000
Insecticide, 75,000 pounds at 82 cents	61,500
Oil, 75,000 gallons at 16 cents	12,000
	<u>523,500</u>

Equipment operation (4 bait mixers, 21 heavy trucks, 19 light trucks, 6 loading elevators, 6 Federal aircraft)	\$480,831
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Total cost to Federal Government	765,178
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Cost per acre 51 cents.

Federal-State cooperative control on range lands, Wyoming-Montana (distribution of expenditures)

(Area requiring treatment (acres), 4,000,000)

Seasonal personnel (includes 20 survey men, 20 mixing station supervisors, 33 truck drivers, 33 laborers)	\$78,127
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Materials:

Bran, 20,000 tons at \$60	1,200,000
Insecticide, 200,000 pounds at 82 cents	164,000
Oil, 200,000 gallons at 16 cents	32,000

1,396,000

Equipment operation (includes 20 bait-mixing stations, 33 heavy trucks, 40 light vehicles)	29,352
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Total cost to Federal Government	1,503,479
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Cost per acre, 37.6 cents.

Federal-State cooperative effort on range lands (other States)	570,000
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In addition to the range control provided for in the Wyoming-Montana area there are threatening infestations known to exist on range land in western North Dakota, western South Dakota, western Nebraska, southeastern Colorado, Nevada, and Idaho. It is not anticipated that cooperative control will be required over all of these areas in these States in 1950. However, to meet situations as they are expected to develop it is proposed to provide operating expenses of eight mobile units consisting of one mixing station and supporting trucks, loaders, and labor to be operated on the same cooperative basis as outlined for the Montana-Wyoming area. These will be operated where the degree of infestation warrants and State and local cooperation is forthcoming.

Purchase of equipment	\$210,700
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Includes acquiring and equipping 2 DC-3 aircraft, replacement of two light aircraft, 12 mobile mixing units, 2 semitrailers and tractors, converting 10 auger trucks for loading planes, engines for mixers.

Mr. HAYDEN addressed the Chair.

The PRESIDING OFFICER. The Chair has previously promised to recognize the Senator from Illinois [Mr. DOUGLAS].

Mr. HAYDEN. Mr. President, I wonder whether the Senator will permit me, as a member of the committee, to offer an amendment perfecting the bill.

Mr. THYE. Mr. President, I wonder whether I may be recognized at this time. It will take me only a minute to say what I wish to say. At this time I have left a conference committee which now is in session.

Mr. DOUGLAS. Mr. President, I am very glad to yield to the Senator from Minnesota for that purpose.

Mr. THYE. Mr. President, I should like to ask a few questions of the chairman of the committee concerning the item of \$803,000 for the welfare of In-

dians, on page 4 of the deficiency appropriation bill.

My question is whether I am now correct in assuming that these funds are to be distributed on the basis of need in the various States, as determined by the Bureau of Indian Affairs.

Mr. McKELLAR. Mr. President, the item is of interest to Senators from the States where Indians reside. I believe the Senator has properly stated what their intention was.

The Indians are regarded as wards of the Government, and have always been regarded so. Therefore, the committee favorably reported the item for the Indians.

Mr. THYE. These funds are not earmarked specifically for any State or any tribe; is that correct?

Mr. McKELLAR. That is quite correct.

Mr. THYE. In other words, if the need exists, and if the Welfare Department of the State of Minnesota determines that the need exists there, the Indian Bureau could very well allocate some of that fund to the Minnesota Welfare Department, to meet the needs of the Indians in Minnesota. Is that correct?

Mr. McKELLAR. The Senator is correct.

As evidence of the fact, I shall introduce one of the most experienced Indian legislators I ever knew in my life.

Mr. THYE. A rough rider.

Mr. McKELLAR. I cannot say that he is a rough rider; in fact, I am rather inclined to think that there is a great deal of smoothness about him. But he is one of the best legislators we have; I refer to the Senator from Arizona [Mr. HAYDEN].

Mr. HAYDEN. Mr. President, the special reason for the item was the very heavy snows in Montana, in the Dakotas, in the Senator's State of Minnesota, and elsewhere in the Northwest. It is felt that that situation calls for making extra funds available immediately.

Mr. WILEY. And also in Wisconsin.

Mr. HAYDEN. Of course, the money is to be used for relief generally wherever it is needed.

Mr. THYE. And the funds could be used to transport some of the surplus agricultural commodities, if they are made available, to the Indians in Minnesota, as well as in other States. Is that correct?

Mr. HAYDEN. I have no question about that.

Mr. THYE. The funds could be used for that purpose, I understand.

Mr. President, I have no objection.

Mr. HAYDEN. Mr. President, will the Senator from Illinois permit me to submit an amendment at this time?

Mr. DOUGLAS. I yield.

Mr. HAYDEN. Mr. President, I submit the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, after line 21, it is proposed to insert the following:

GENERAL FUND
CONSTRUCTION

Advances to Colorado River dam fund, Boulder Canyon project (All-American Canal): For an additional amount of \$750,000, to remain available until expended, for the partial liquidation of contract authority granted under this head in the Interior Department Appropriation Act, 1950.

Mr. HAYDEN. Mr. President, the Senate will remember that in the last Interior Department appropriation bill there was an item of about three-quarters of a billion dollars to be paid as damages to contractors on the Central Valley project in California who were compelled to shut down because of a lack of funds. That shut-down was most unfortunate; many of us felt that it could have been avoided if the Congress had been notified in time. As a matter of fact, from the time of the shut-down until Congress did provide the money only about 10 days elapsed; but it was some months before the working force got to work again. At that time it was stated that if they ever were in trouble of that sort again they should make it known.

A contractor on the Coachella Valley project in California called me over the telephone to say that he had been notified that he would be compelled to cease work for lack of funds on the first day of next month, that 400 men would be put out of employment, but that the overhead the Government has would continue.

I took up the matter with the Bureau of Reclamation, and asked the Assistant Director, Mr. Markwell, to appear before the Appropriations Committee this morning and tell us what the situation is.

I find that there is pending before the Bureau of the Budget a supplemental estimate, which I now hold in my hand, and which I ask to have printed at this point in the RECORD.

There being no objection, the estimate was ordered to be printed in the RECORD, as follows:

Advances to Colorado River Dam fund, Boulder Canyon project (All-American Canal): For an additional amount of \$750,000, to remain available until expended, for the partial liquidation of contract authority granted under this head in the Interior Department Appropriation Act, 1950.

Boulder Canyon project (All-American Canal), California, supplemental appropriation estimate, fiscal year 1950

Unobligated balance, June 30,	
1949 -----	\$249,551
Appropriation, fiscal year 1950-----	5,100,000
Supplemental appropriation estimate, fiscal year 1950-----	750,000

Program, fiscal year 1950--- 6,099,551

JUSTIFICATION OF ESTIMATE

The All-American Canal system includes the Imperial Dam, deslting works and Government camp, all situated on the Colorado River 18 miles upstream of Yuma, Ariz.; Laguna Dam located 6 miles downstream from Imperial Dam; the 80-mile main All-American Canal with its appurtenant control and protective structures; the 124 miles of Coachella Branch Canal with its appurtenant control and protective works; and the 450-mile concrete pipe distribution system serving the Coachella Valley. The purpose of the system is to furnish irrigation water to the Imperial irrigation district and supplement a falling ground water supply in the Coachella Valley. Except for the Coachella distribution system and minor construction in the Imperial Division, all work has been or will be completed during fiscal year 1950.

Major work under way is the construction of the pipe lateral system and appurtenant structures of the Coachella Division. During fiscal year 1950 work will be completed on units 1 to 6 of the distribution system bringing irrigation water to some 44,000 acres of land, of which 32,000 acres is in new and 12,000 acres in supplemental supply. Work will be started on units 7 and 9 which, when completed, will serve an additional 27,000 acres. However, the continuation of construction after about the end of calendar year 1950 is dependent upon the successful consummation of a supplemental repayment contract with the Coachella Valley County Water District.

FISCAL YEAR 1950 SUPPLEMENTAL

The fiscal year 1950 appropriation act authorized the Commissioner of Reclamation to enter into contracts in amounts not to exceed \$975,700. A supplemental appropriation in the amount of \$750,000 for partial liquidation of this contracting authority is requested to avoid stoppage or retardation of construction of Coachella Valley distribution system.

On September 30, 1949, a contract was awarded under specifications No. 2747 to R. V. Lloyd and Co., of Coachella, Calif., for the construction of sublaterals, wasteways, and appurtenant work on unit No. 7 of the Coachella distribution system. At the time of bidding the contractor estimated his earnings for fiscal year 1950 at \$1,552,000 and the Bureau programed approximately \$1,600,000 for payments under the contract. Available funds in the amount of \$866,000 were reserved.

The contractor started construction operations during November 1949, and they are now well under way. Work under Specifications No. 2181 for the distribution systems for units Nos. 2, 3, and 4 which was also awarded to R. V. Lloyd and Co., is just being completed. The record of progress made during the past year under specifications No. 2181, plus the fact that the contractor has available an experienced force and necessary equipment indicates that the progress proposed will be obtained. At this rate of earnings, available funds will be exhausted by the end of March 1950. It is proposed to use the \$750,000 of supplemental funds to continue work on unit No. 7 lateral system, thereby avoiding a shut-down of the construction contract now in operation. This supplemental amount will not increase water users repayment obligations beyond the current repayment contract limitation.

Schedule of construction program, fiscal year 1950—Boulder Canyon project, All-American Canal, Calif.

Program item (1)	Total estimated cost (2)	Cost to June 30, 1949 (3)	Program current year 1950			Balance to complete (7)
			Regular budget (4)	Estimated supplemental budget (5)	Total budget (6)	
Irrigation facilities, Imperial division:						
Development of project plan:						
Project as a whole	\$518,466	\$544,043				—\$25,577
Land classification	176,545	119,011	\$30,000		\$30,000	27,534
Engineering and economic studies	250,000	167,741	20,000		20,000	62,259
Diversion works: Imperial Dam and desilting works ¹	10,046,240	10,012,118				34,122
Canals and conduits:						
All-American Canal—completed works	17,596,208	17,495,741				100,467
Coachella canal:						
Completed works	1,884,184	1,576,459				307,725
Operating bridges ²	87,000		87,000		87,000	
Laterals: East Mesa distribution system	12,383,000					12,383,000
Drains:						
All-American Canal—completed works	349,160	349,160				
Drain lines 8 and 8B	161,840	198,338	20,000		20,000	—56,498
Farm unit development:						
Project settlement	60,000					60,000
East Mesa experimental tract	393,070	392,521				549
General property:						
Telephone system	62,500	61,320				1,180
General service bridges		15,000				—15,000
Operation and maintenance during construction:						
Imperial Dam and desilting works	1,020,000	610,445	137,000		137,000	272,555
All-American Canal, stations 50 to 1098	911,000	606,790	78,000		78,000	226,210
Coachella canal, stations 0 to 2603	197,000	78,235	35,000		35,000	83,765
Drainage system	140,000	94,945	17,000		17,000	28,055
Earnings during construction		—706,257				706,257
Subtotal irrigation facilities	46,236,213	31,615,610	424,000		424,000	14,196,603
Construction facilities:						
Charged to permanent property		255,628	38,000		38,000	—293,628
Or salvaged		—171,045	—11,000		—11,000	182,045
Materials and supplies		76,446				—76,446
General expense		—21,198				21,198
Undistributed costs			18,025		18,025	—18,025
Total construction cost	46,236,213	31,755,441	469,025		469,025	14,011,747
Obligations not in cost		55,025	—45,025		—45,025	—10,000
Total obligations, Imperial division	46,236,213	31,810,466	424,000		424,000	14,001,747
COACHELLA DIVISION						
Canals and conduits:						
Coachella canal:						
Stations 2603 to 4563	3,135,000	3,134,201				799
Stations 4563 to 5150	1,804,000	1,803,113				887
Stations 5150 to 5725	1,626,000	1,625,162				838
Stations 5725 to 6106	1,432,000	1,431,377				623
Stations 6106 to 6517	1,051,000	1,050,606				394
Subtotal, canals and conduits	9,048,000	9,044,459				3,541
Lateral system:						
Oasis lateral (unit No. 1)	1,900,000	1,836,848	28,000		28,000	35,152
Thermal-Indio-Coachella area	3,210,000	2,230,761	967,000		967,000	12,239
Oasis area	1,905,000	1,457,394	358,000		358,000	89,608
Central main area	2,652,000	221,092	2,360,000		2,360,000	70,908
West side area	2,850,000	49,659	1,166,551	\$750,000	1,916,551	883,790
La Quinta area	961,000	13,738	22,000		22,000	925,262
Mecca area	2,905,000	62,003	69,000		69,000	2,773,997
Subtotal, lateral system	16,383,000	5,871,495	4,970,551	750,000	5,720,551	4,790,954
Drainage investigations	150,000	23,216	20,000		20,000	106,784
Farm-unit development: Project settlement	40,000	9,181	30,000		30,000	819
Channels, levees, and flood works:						
Detention dike No. 1:						
Stations 4620 to 5150	1,118,000	1,118,000				
Stations 5150 to 5566	1,075,000	1,074,866				134
Detention dike No. 2	1,099,000	1,098,198				802
Wasteway No. 1	411,000	410,874				126
Wasteway No. 2	380,000	379,992				8
Wasteway No. 3	402,000	401,746				254
Wasteway No. 3A	28,000	27,473				527
Subtotal, channels, levees, and flood works	4,513,000	4,511,149				1,851
General properties:						
Government camp	217,000	216,355				645
Maintenance depot	45,000	39,783	5,000		5,000	217
General service equipment	81,000	80,266				734
Subtotal, general properties	343,000	336,404	5,000		5,000	1,596
Operation and maintenance during construction	280,000	258,416				21,584
Construction facilities	+448,000	+320,240	+55,000		+55,000	72,760
Charged to permanent property	—448,000	—271,841	—85,000		—85,000	—91,159
Materials and supplies		18,392	—10,000		—10,000	—8,392
Total construction cost, Coachella	30,757,000	20,121,111	4,985,551	750,000	5,735,551	4,900,338
Obligations not in costs		163,058	—60,000		—60,000	—163,058
Total obligations, Coachella division	30,757,000	20,284,169	4,925,551	750,000	5,675,551	4,737,280

¹ Includes Gila project's estimated share of Imperial Dam, \$1,553,565. Final allocation to be made at completion of construction.² Revision in proposed construction program. Revised total estimated cost being submitted for approval.

Schedule of construction program, fiscal year 1950—Boulder Canyon project, All-American Canal, Calif.—Continued

Program item	Total estimated cost	Cost to June 30, 1949	Program current year 1950			Balance to complete
			Regular budget	Estimated supplemental budget	Total budget	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
COACHELLA DIVISION—continued						
Imperial division.....	\$46,236,213	\$31,810,466	\$424,000		\$424,000	\$14,001,747
Coachella division.....	30,757,000	20,284,169	4,925,551	\$750,000	5,675,551	4,797,280
Total obligations.....	76,993,213	52,094,635	5,349,551	750,000	6,099,551	18,799,027
Appropriations.....			5,100,000		5,100,000	
Prior years unobligated balance.....			249,551		249,551	
Supplemental appropriation estimates.....				750,000	750,000	
Allotment requirements.....						18,799,027

Mr. HAYDEN. The substance of the amendment which I have submitted is that of the \$975,700 authorized in the last Interior Department appropriation bill as a contractual authorization, \$750,000 of it shall now be appropriated.

At the time when we made the previous appropriation, we realized that if the contractor proceeded speedily with the work, the amount of money carried in the bill might not be sufficient. So we pledged the Government and said we would pay the contractor if he went on with his work. Of course, this amendment is offered in order to meet that obligation.

The situation is that the Coachella Valley is an extension of the Imperial Valley, in California. From the Imperial canal there has been built a 125-mile extension into the Coachella Valley. That job is virtually complete; I think about \$3,500 remains to be paid on a \$9,000,000 project. So the project is virtually completed. The distribution system which supplies water to the farms is what the contractor is working on. That is very hot region, and the way to save water is to use concrete pipes; and concrete pipes are being installed to carry the water to the farmers.

All of the project is reimbursable, and all the work is done under contract authority. The charge is a thoroughly legitimate one.

I assume that the contractor telephoned me because he knew of my interest in the work. There is a crew of 400 men handling the work, and they have proceeded at a faster rate than was expected.

There is no advantage in the world to be gained by having them shut down the work, wait a while, and subsequently resume the work. The overhead the Government will have to pay will go on, day by day. The engineers and others there will have to stay on the pay roll.

So the action proposed by the amendment will be an advantage to the contractor, and also to the farmers who will get the water, and also to the Government.

Therefore, Mr. President, it seems to me that, inasmuch as the Government has authorized this work, inasmuch as the contract has been regularly made, inasmuch as the Government has said to the contractor, in effect, "We will pay you when you do the work," and inasmuch as the work has been done, it is wise for us now to make the payment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona [Mr. HAYDEN].

The amendment was agreed to.

Mr. LUCAS. Mr. President, I do not have a \$5,000,000 amendment; I have a \$500 amendment, to take care of the salary of the aide to the Vice President. It is desired to increase the pay of the aide to the Vice President from \$1,900 to \$2,400. I hope there will not be any serious objection to the amendment. If the chairman of the committee will take the amendment to conference, I shall appreciate it very much.

Mr. McKELLAR. That will be done, if the Senate authorizes it.

Mr. LUCAS. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, after line 4, it is proposed to insert the following:

OFFICE OF THE SECRETARY

Effective on the first day of the first month following the enactment of this act, the appropriation for salaries of officers and employees contained in the Legislative Branch Appropriation Act for the fiscal year 1950 shall be available for the employment of an aide to the Vice President at the basic rate of \$2,400 per annum.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

Mr. DOUGLAS. Mr. President, in a few minutes I expect to submit an amendment to the pending bill, fixing the amount of annual leave for classified wage board and postal employees at 20 days a year, and the amount of sick leave at the rate of 12 days a year.

In brief, Mr. President, the amendment will reduce the leave provisions for classified and wage-board employees from 26 days to 20 days for vacation and from 15 days to 12 days for sick leave. It will at the same time increase the amount of leave for members of the postal service from 15 days to 20 days vacation and from 10 days to 12 days sick leave.

The amendment will save the Government approximately \$100,000,000 a year, and at the same time will equalize the leave provisions for Federal employees, thus ending the present discrimination against postal employees.

I believe that in the face of a possible deficit of \$5,000,000,000, we should be looking for places where we can cut expenses without hurting needed services. Furthermore, I do not know of a single Senator who sees any logic in allowing classified and wage-board employees 26 working days of leave every year, since, on the basis of the 5-day week, this amounts to 5½ weeks. Postal workers, however, now only receive 15 days per year.

I should like to make it clear that I am not attacking Government employees, who are frequently improperly criticized. I think they are in general a fine set of people and there are some who are extremely devoted and who are quite literally working themselves to death. But we must constantly remember that our Government is in serious financial trouble. With a deficit of 5 billions a year, we must take in sail and reduce expenditures, if we are to avoid a creeping inflation. This is one, but only one, of the places where we can cut expenses without diminishing services or being unjust to people.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Tennessee?

Mr. DOUGLAS. I shall be glad to yield for a question.

Mr. McKELLAR. I ask the Senator a question with two parts; first, does he not understand that this in the nature of legislation; second, did the Senator first go before the proper legislative committee with the matter?

Mr. DOUGLAS. I may say to my distinguished colleague and friend from Tennessee that I have not yet formally submitted an amendment to the Senate. I am discussing the subject in anticipation of what the possible amendment may be, and therefore I thought, since it is possible to address the United States Senate freely, that I was in order. If I am not in order—

Mr. McKELLAR. The Senator is in order. I merely inquired whether he had presented to the proper legislative committee such an amendment as he suggests.

Mr. DOUGLAS. That was the Senator's second question. If we have disposed of the first, I will now be glad to proceed to the second. I may say to my distinguished colleague, I thought it was always opportune to propose in an open-

ting meeting of the United States Senate an amendment which would save the taxpayers money. I thought it was always opportune for us to do that. I should be surprised if this were not true.

Mr. JOHNSTON of South Carolina and Mr. WILLIAMS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Illinois yield; and if so, to whom?

Mr. DOUGLAS. I shall be glad to yield to the Senator from South Carolina for a question, provided I do not lose my rights to the floor.

Mr. JOHNSTON of South Carolina. I should like to ask the Senator from Illinois whether he agrees that the amendment, if added to an appropriation bill, would constitute legislation?

Mr. DOUGLAS. Let me say to my colleague, I am merely a humble Member of the Senate. I anticipate that a point of order may be made to my amendment when I submit it. But I have not yet submitted it, and I cannot anticipate what the ruling of the Chair will be. Being a devout man, however, I pray very much that the Chair will rule in my favor.

Mr. JOHNSTON of South Carolina. I want to notify the Senator from Illinois that, when he submits his amendment, I shall make the point of order that it is contrary to rule XVI, paragraph 4, of course. I do not want to interrupt him. The Senator may speak as long as he wishes, but I want the Senator to know what I am going to do at the proper time.

Mr. DOUGLAS. I may say to my good friend, the Senator from South Carolina, I appreciate the candor with which he has laid all his cards on the table. I had felt that such might be his move, or possibly the move on the part of someone else. That may have had something to do with my deciding not to submit the amendment at this time, but to withhold it until after we might discuss the question. I think that this is an important issue which needs public discussion.

Mr. JOHNSTON of South Carolina. I should like to ask the Senator from Illinois whether he knew that the committee which handles bills of this kind had even held hearings last year on a similar bill?

Mr. DOUGLAS. I am not perfectly acquainted with all of the procedures of the Committee on Post Office and Civil Service, but may I inquire, in my search for information, whether it was the decision of the committee to report the measure?

Mr. JOHNSTON of South Carolina. I answer the Senator by saying the committee has not seen fit yet to report any bill in regard to the subject, but if the Senator desires to introduce a bill similar to his amendment, we shall be glad to appoint a subcommittee and hold hearings on the bill when it reaches the committee.

Mr. DOUGLAS. I thank the Senator from South Carolina very much.

Mr. WILLIAMS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Delaware?

Mr. DOUGLAS. I shall be glad to yield for a question.

Mr. WILLIAMS. I should like to ask the junior Senator from Illinois whether or not he is aware of the fact that the amendment offered by the majority leader, the senior Senator from Illinois [Mr. LUCAS], and which the Senate adopted immediately preceding this discussion was also legislation, and was adopted unanimously by the Senate? Therefore, there is nothing at all unusual in offering an amendment in the nature of legislation, in connection with an appropriation bill.

Mr. DOUGLAS. The Senator is entirely correct. He reminds me of the truth of an old maxim, that it makes a great deal of difference whose ox is being gored. Sometimes the definition of what is legislation is elastic. Some amendments are permitted, while others are barred. But as I have said, there is as yet no amendment before the Senate on which a point of order, in my judgment at least, can be made.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from South Carolina?

Mr. DOUGLAS. I am glad to yield for a question.

Mr. JOHNSTON of South Carolina. Would the amendment keep them from having accumulated leave, and from being built up more and more?

Mr. DOUGLAS. No.

Mr. JOHNSTON of South Carolina. It does not have anything to do with that, does it?

Mr. DOUGLAS. If the Senator from South Carolina will permit me to develop my argument, the point will be clarified in due course.

The difficulty is that whenever we seek to make such a justified saving, the groups which are called upon to make the necessary sacrifices immediately object and apply terrific pressure to defeat any specific proposal for saving. They may be for economy but apparently they believe that it must always be practiced on the other fellow; and that it must never be applied to themselves. I am very sorry to see that large numbers of Federal employees are taking a similar position against my amendment, although it is gratifying that some have expressed a willingness to accept these reductions. But I had hoped, perhaps naively, for a much better response from them. Although I am disappointed and while no one likes the storm of criticism which is let loose against anyone who tries to save the taxpayers' money by removing excessive privileges, that is a burden we must assume if we are to protect the general interest and to head off the inflation which a big governmental deficit always brings.

HOW WE CAN SAVE \$100,000,000

We can save money by equalizing annual and sick leave because there are approximately four times as many classified and wage-board employees as there are postal workers. I will not burden the Senate with a lot of figures. I have had

a study of this problem made by Mr. Dudley Ball of the Legislative Reference Service to see how much could be saved by this proposal, and I would like to ask unanimous consent of the Senate to insert it at the end of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOUGLAS. Briefly this study shows that cutting annual leave from 26 to 20 days for classified and wage board employees would save from 100 to 110 million dollars, while raising the postal workers would cost about 30 millions, leaving a net saving of 70 to 80 millions. Reducing classified and wage board workers' sick leave from 15 to 12 days while raising postal employees sick leave from 10 to 12 days would, I believe, raise our total saving up to approximately 100 million dollars.

WHY CLASSIFIED AND WAGE BOARD EMPLOYEES' LEAVES SHOULD BE REDUCED

Now, the question will be asked, "Why should leave be reduced?" I will attempt to show why I think it should be.

Government employees are given 26 working days off each year as vacation leave, and are allowed up to 15 working days a year with pay as sick leave. In addition, they are given eight holidays. Since Government agencies operate on a 5-day week, this means that 49 days, or about 10 weeks, can be subtracted from the maximum legal working year of 260 days, leaving 211 actual required working days. There are also commonly about 4 days a year, in the case of employees in Washington, at least, in which they are freed from work because of ceremonies, excessive heat, and so forth, which I have not included.

The average Government working day is 8 hours, but up to 30 minutes each day is often given to employees for coffee time, so that in practice only a 7½-hour day is often actually worked. This means that the average number of legal hours worked in a year can be as low as 1585. Since the average time taken for sick leave is 8 days, rather than the maximum of 15, and since all workers do not take a full 30 minutes for coffee (although some take more) in practice the average will be nearer 1,650 hours. This is 250 hours less than the 1,900 which is considered a very liberal standard in private industry. On this basis, Government employees work 31 days, or over 6 weeks, less per year than do employees in private business.

To determine vacation provisions in private industry, I had another study made by Mr. Ball of the Legislative Reference Service, and, Mr. President, I ask unanimous consent to have it also inserted at the end of my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 2.)

STUDIES SHOW THAT 20 DAYS' VACATION IS MORE LIBERAL THAN THAT GIVEN BY PRIVATE EMPLOYERS

Mr. DOUGLAS. The study made by Mr. Ball included material published in Management Record for February of

1949 in the form of a series of tables prepared by the National Industrial Conference Board which dealt with vacation allowances in private industry. It should be noted that these figures, which will appear at the end of my remarks, are confined to organized white-collar and production workers who through the process of collective bargaining are able to get better working conditions than unorganized workers. These were the most recent over-all figures I could find, and, while I do not assert that they are 100 percent accurate, we can get a general picture from them.

Using these tables, we find that—

First. About 75 percent of the white-collar workers in private business get 2 weeks' vacation for 1 year's service, and this is also true of about 20 percent of the production workers.

Second. About 6½ percent were required to have worked for 3 years in order to get a 3 weeks' vacation.

Third. Only 15 percent of the employers allow as much as 4 weeks to anyone, and in 13 percent of these cases this is only secured after men have worked for 13 to 25 years.

But my proposal would allow 4 weeks, or 1 month, with week ends, to everyone, irrespective of length of service. This would be better than the leave which 98 percent of the private employers who have collective-bargaining agreements give to their white-collar workers and better than the leave which virtually 100 percent of the private employers give to their manual workers. It would be still further above the level for unorganized workers.

These figures on vacation allowances in private employment apply to salaried, office, or white-collar employees as well as wage earners, production workers, and manual workers. As Mr. Ball's study indicated, executives are usually included in the salaried-workers' category, but among companies which have formulated separate plans for executives, 1 month per year appears to be most prevalent. This is what I am advocating.

A more extensive study covering specific industries was made in 1943-44 by the Bureau of Labor Statistics. This study covered 15,000 establishments and some 4,000,000 workers in such industries as aircraft, chemicals, electrical machinery, food, iron and steel, leather, lumber, machinery, ordnance, paper, printing and publishing, smelting, textile, banking, petroleum, mining, laundry, and retail trade.

These findings, despite the fact that they are 6 years old, are extremely valuable because of their extensiveness and the Bureau's reputation for impartiality. The Bureau found that in the manufacturing industries, the most usual maximum paid vacation was 8 to 10 days; in nonmanufacturing industries it was 2 weeks.

Here are some examples in specific industries:

Transportation, operating and non-operating employees, 1 to 2 weeks.

Public utilities, 1 to 2 weeks, with telephone and telegraph companies granting 3 weeks after 15 to 30 years' service.

Trade, clerical, and professional workers, 1 to 2 weeks.

Manufacturing, 1 to 2 weeks with 2 percent getting 3 weeks.

TWELVE DAYS' SICK LEAVE IS ALSO BETTER THAN THAT GIVEN BY PRIVATE EMPLOYERS

Similarly, 15 days' sick leave far exceeds that allowed by private employers. A study made by E. Eleanor Ring, of the Legislative Reference Service, dated April 20, 1948, shows that, in 1945, only 350 out of 5,000 collective bargaining agreements contained any paid sick-leave provisions at all. Other studies made in 1945-46 showed that only 3 percent of the manufacturing establishments had formal sick leave provisions, and that only 8 percent of the office workers were allowed this privilege. Among nonmanufacturing industries, less than half of the electric light and power establishments and only a third of the retail stores give formal paid sick leave. Among those granting sick leave, 2 weeks or 10 working days appear to be the best provisions.

My proposal is more liberal than this, allowing 12 days rather than 10 days.

Mr. President, I ask permission to have that portion of Miss Ring's study dealing with the sick leave inserted in the RECORD at the end of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

(See exhibit 3.)

Mr. DOUGLAS. I want the Government to be a liberal employer and to be generous in its treatment of its workers. That is why I would only cut leave by 6 days and as I have shown, 20 days vacation or 30 calendar days, including weekends, is very liberal in comparison with private industry. But we should not allow Government employees to exploit the taxpayers and the community to obtain undue privileges. The present system of granting 26 days of annual vacation leave is such an excessive privilege that it amounts, as I have said, to 5½ weeks, and, since leave can be paid on leave, it might mean very close to 6 weeks for cumulative purposes.

HISTORY OF ANNUAL LEAVE INDICATES THAT CONGRESS INTENDED TO GRANT 1 MONTH PER YEAR

Perhaps a word of history is needed to put this issue in its proper setting. In 1898, Congress provided for 30 days leave. I have the statute here. It seems to have been intended to provide a 30-calendar day leave similar to the 30 days furlough given to personnel in the armed services. However, this was not spelled out in the law, 30 Statutes 316, and it was administratively determined—I want to emphasize that—to be, instead, 30 working days. Since the Government was then on a 6-day week, this amounted to five full weeks. I do not believe this was the congressional intent, however, or it would have been specifically stated in the original act.

During the depression, in 1932, annual leave was reduced to 15 days, and was later increased to 26 working days in 1936. At the time the 26-day figure was set, Government employees were working a 6-day week—7 hours per day during the week plus 4 hours on Saturday. It would therefore appear that a month's vacation was still what Congress was aiming at, taking the number of working days in the longest possible month which in-

cluded Saturdays. Twenty-six days, with a 6-day week, amounts to almost precisely a month.

With the war emergency, Government workers went on a 5-day and 40-hour week. Another 8 hours was worked on Saturdays, but this was not part of the regular working week and was paid for at a time and a half rate. After the emergency, overtime was dropped, and now these workers are on a 5-day week, an 8-hour day, and hence a 40-hour week. But, meanwhile, the leave provisions have remained unchanged. Twenty-six days annual leave, therefore, now means 5½ weeks or with week ends this comes to 5½ weeks. Sick leave of 15 days now amounts to 3 weeks.

I think we should put leave back to 20 working days which, with week ends included, is 30 calendar days, or 1 month. Twenty-six working days was equivalent to a month for a 6-day week but, on this basis, each day of leave meant that a worker was away from the job either a 7- or a 4-hour day. The 26 days presently given mean he is away from the job 8 hours per day, and therefore, leave was, in effect, expanded from between 167 to 170 hours yearly, depending on the number of Saturdays, to 208 hours yearly. This is a net gain of about 40 hours, or an extra week. My proposal would cut this back to one month which was originally intended. It was intended in 1936 and, I believe, in 1898.

OBJECTIONS ANSWERED

Several objections have been made to this proposal. I shall take these up in order:

First. It is argued that leave provisions should not be reduced because the Government provides no unemployment compensation or cash sickness benefits.

At the present time, however, Federal employees are allowed to accumulate annual leave up to 60 days or about 3 months, and sick leave up to 90 days or 4 months. Because the Federal Government does not give unemployment compensation or sickness benefits, I would not change these cumulative leave provisions and have not done so in my amendment. They can still be used to serve as a cushion in case of job severance or long illness, and are therefore a substitute for unemployment compensation and sickness benefits.

If we later want to take up the question of severance pay, I think it is a subject which might very well be considered, but I think we should first put the vacation provisions on the basis of fair and adequate, but not excessive, vacations and then deal with the question of whether we want to consider severance pay as a separate issue.

Second. Government employees are charged annual leave for being late to work, attending grandmother's funeral, and for shopping, whereas private employers give no such time to workers.

It may be that some private employers will occasionally allow such time to be taken without reduction either in pay or in vacation. This point has been made but no one has cited any proof of how widespread such a practice is among private employers. Nor do I have any proof that such privileges are not al-

lowed in the majority of cases, but I doubt very much if many of the large employers allow this privilege. Even so, the fact that 20 days in four full weeks is so much more liberal than that allowed by the overwhelming majority of private employers makes this question unimportant.

Third. Cutting vacation time would lower the efficiency of Government workers.

Again we have no proof either that cutting vacations would increase or decrease efficiency, but I will say this: In order to increase efficiency, certainly we should provide for an adequate vacation of a month, plus holidays, and even rest periods. But to allow more than this could eventually get to the point where time off is equal to time worked.

It is the old question of degree, but I feel that it has been well established that a month is enough vacation.

Fourth. Cutting leave provisions would hinder the recruitment of able personnel.

Certainly salary and job opportunities are highly important, but if a person goes to work for the Federal Government because he will not have to work so much, it indicates that he wants to work as little as possible. I do not think that this is the type of personnel we want to recruit.

Fifth. High vacation allowances are necessary because so many Washington employees are away from home and need more time for travel.

In the first place, nearly 90 percent of the employees in the executive branch of the Government are outside the Washington metropolitan area. The figures are 213,000 in the Washington area out of 1,980,000 total. These are December figures. Ninety percent of them do not need to go to a home far away. Furthermore, Washington employment is similar to that of other jobs. If a person moves from Chicago to New York because employment opportunities in his particular line are greater in New York, I doubt if the employer would feel he had to give extra vacation to the employee because he had moved from Chicago. Granted, however, that Federal employees need more vacation for this reason, still a month should be quite adequate.

Sixth. Annual leave is often lost because all Government employees are not allowed to take as much vacation as they are entitled to.

This is actually a reason for reducing annual leave. It means that those who are too valuable to be allowed full vacation time are discriminated against in favor of those to whom the Government can afford to give the full amount.

IT IS THE RESPONSIBILITY OF CONGRESS TO PROTECT THE COMMUNITY AS A WHOLE

I know that this move of mine is very unpopular. I have received over 300 letters from Government workers who want to keep their present leave privileges. Representatives of the postal workers, on the other hand, who would appreciate having their leave raised to end the present discrimination against them, cannot very well advocate a reduction for other Government workers. This is understandable. But it is the responsibility of Congress to protect the community as a whole from excessive privileges while, at

the same time, stopping discrimination among Government employees.

I should like to point out that this extra \$100,000,000 a year, which means a billion dollars in 10 years, is nonproductive and a complete waste when spent for these excessive vacations. It does not build roads or dams; it does not build up our soil; nor does it help education or health. It is simply a waste which, in my judgment, should not be tolerated.

This proposal for equalizing leave is not an attack on Government workers themselves; it is an attack on excessive vacation privileges. It should be remembered that the Government in other respects is doing extremely well by its public servants. Salary levels have been raised so that they are now in the main quite liberal in comparison with the salary scales of private industry. To demonstrate this, I should also like to insert at the end of my remarks a table which compares pay schedules of Federal employees with employees in private business. I ask unanimous consent that this insertion may be made.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 4.)

Mr. DOUGLAS. Mr. President, this comparison was made on the basis of pay given Federal employees before the pay increase we granted them last year. It does not include employees making much more than the median salary, but it does include those making up to that amount. Roughly, therefore, it indicates that the pay of a majority of Government employees is better than that of private employees.

Last year Congress also provided for no less than 600 positions with salaries above \$10,000 a year, and thus rewarded ability and responsibility. The retirement system which we have provided is good, and liberal. The workers have relative security, and are protected against business depressions and capricious discrimination by their superiors. Compensation for accidents on the job is as liberal as that in the most progressive States. I happened to be the chairman of the subcommittee which liberalized the compensation provisions for Federal employees, and I reported the bill myself last year. It later became law. By giving to workers the right to accumulate unused vacation credits up to a total of 60 days, employees are given a cushion when they lose or leave their jobs. Similarly, the ability to accumulate annual sick leave up to 90 days provides protection up to at least 4 months.

I also hope very much that Members of Congress will join with me in ending the present leave discrimination against postal workers, while, at the same time, protecting the community as a whole by reducing classified and wage-board employees' leave to the more reasonable figure of 1 month. This would raise postal workers' leave and yet maintain liberal vacation allowances for others. It would save \$100,000,000 at a time when we need to reduce expenditures and to try to balance the budget.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. WATKINS. Was this amendment presented to the Committee on Appropriations?

Mr. DOUGLAS. No; it was not.

Mr. WATKINS. Why did not the Senator from Illinois present his amendment a year ago when we had the pay-increase bill before the Committee on Appropriations?

Mr. DOUGLAS. At that time the Senator from Illinois was even more inexperienced than he is today, and when Government employees were receiving 26 days' vacation, he thought that meant 26 calendar days. It was not until later in the year that he learned they were receiving 26 working days of vacation; that therefore, they were receiving a total annual leave of not 4 weeks, but 5½ weeks. The Senator from Illinois has been learning during the past year, and he did not know enough a year ago today to submit the amendment which he now submits.

Mr. WATKINS. Will the Senator yield further?

Mr. DOUGLAS. I shall be glad to yield.

Mr. WATKINS. I have not been a member of the Committee on Post Office and Civil Service, and I have never made any special study of the situation, but does it not occur to the Senator from Illinois that some arguments could be made on the other side of the question, and that the people who are going to be affected by the proposed amendment ought to have an opportunity to present their arguments, whatever they may be?

Mr. DOUGLAS. I might say to the Senator from Utah that I am quite well aware that there are arguments to be presented on the other side. I have stated at least six of such arguments, and have attempted to answer them. Furthermore, judging by the mail which I have received—and I am told that my mail is small compared with the mail which is received by other Senators—there is no doubt that Federal employees from all over the country are being heard from.

I welcome public discussion of this question, because, in my judgment, once the issue is aired, and once it is understood, the long, extended leave periods will not continue. My amendment may be voted down, or it may be ruled out on a point of order, but the issue will remain with us until we realize that we are sending at least \$100,000,000 a year down a sluice gate and getting nothing for it.

Mr. WATKINS. Does not the Senator feel that he would have been of great help if he had presented his amendment to the committee so that an opportunity would have been accorded to the persons who are opposed to his proposal to state their opposition to the committee?

Mr. DOUGLAS. It so happens that the Senator from Illinois was not aware that an urgent deficiency bill was coming up until it appeared on the calendar something like 2 weeks ago, and I think it will be found that I submitted my amendment promptly after the urgent deficiency bill was reported to the Senate.

Mr. WATKINS. I should like to say to the Senator that I am very much im-

pressed with his statement, and that perhaps he did a very good job in presenting the arguments on the other side; but I feel that in the interest of fair play we ought to have both sides of the argument presented before we take action on a measure which affects so many people. I believe there is a great deal of merit to what the Senator has stated; but I should like to hear the other side, as well. I believe it would be somewhat un-American to come to a decision on such an important question without giving the people who are to be affected by the proposal an opportunity to be heard. Personally, I have not made up my mind one way or the other. The subject is worthy of study.

The Senator has rendered a great service by bringing up the subject for discussion in the Senate. I believe we should give the people who are to be affected by the proposed amendment an opportunity to say how it will affect them and why they think the amendment should not be adopted.

Mr. DOUGLAS. I thank the Senator.

EXHIBIT 1

SELECTED DATA ON ANNUAL AND SICK LEAVE OF FEDERAL EMPLOYEES

(The most recent and most complete published survey of annual and sick leave granted to Federal employees was made by the Senate Committee on Appropriations of the Eightieth Congress, and covers the period from January 1 to September 30, 1947. In its report the committee points out that: "The entire executive branch has failed to keep annual over-all records on sick and annual leave statistics, requiring special surveys to be made when such information is required." The situation has not improved since the committee made its study. As a result, the figures in the following paragraphs can be regarded only as estimates. In some cases the 1947 figures of the Senate committee study are the latest available. In other cases, the figures upon which computations are based are themselves estimates. If possible, these estimates have been secured from authoritative sources, which are cited in the footnotes or in the source note at the end of this paper.)

Decreased cost as result of reduction of annual leave from 26 to 20 days: Under the provisions of the Government Employees' Pay Act of 1949, approximately 885,000 classified employees will receive \$2,900,000,000 annually.¹ On the basis of 260 working days

¹ From testimony of Ismar Baruch, Chief of Personnel Classification Division of the Civil Service Commission, before the Senate

per year (5 days a week for 52 weeks, the figure used in salary administration), this amounts to an expenditure of \$11,153,846 a day for salaries. At this rate, the reduction of annual leave of classified (only) Federal employees from 26 days to 20 days would decrease the cost of annual leave by nearly \$67,000,000 a year.

The number of wage-board employees is estimated at about 500,000. At an estimated annual wage of \$3,000 per employee (total Federal employees, 2,000,000; total Federal pay roll, \$6,000,000,000 annually), total salaries for this group amount to about \$1,500,000,000 a year. Reduction of annual leave from 26 to 20 days would result in decreased costs for leave of about \$34,500,000.²

These two figures on reductions for classified and wage-board employees total \$101,500,000 a year. Postal employees, other than departmental, receive less than 26 days' leave and thus are not included in this estimate. Certain other groups covered by varying leave regulations have also been omitted since reliable data on salaries received are not available.

A figure in excess of \$100,000,000 for the reduction in the cost of annual leave as a result of cutting leave from 26 to 20 days is also obtained by using another method of computation. The report of the Senate Committee on Appropriations stated that as of September 30, 1947, total annual leave of 44,561,076 days, representing a cost of \$520,000,000, was accumulated.³ Translating this figure into the cost of leave per day and making adjustments for the two subsequent pay raises (\$330 flat raise in 1948 and an average raise of \$125 in 1949) the figure for salaries for 6 days of annual leave for those employees now receiving 26 days' leave is in the vicinity of \$110,000,000.

There is, therefore, some reason to believe that the reduction of the annual leave of Federal employees from 26 to 20 days would decrease the cost by a figure in excess of \$100,000,000 a year.

Average number of days sick leave taken by individual Federal employees: From January 1 to September 30, 1947, a total of 10,080,444 days sick leave were taken by the 1,703,540 employees subject to sick-leave regulations. This is an average of 5.9 days per employee for a 9-month period. Adjusted to cover 12 months, the figure becomes nearly 7.9 days of sick leave per employee per year.⁴

Cost per day to release Federal employees in the District of Columbia area: As of the

Committee on Post Office and Civil Service, Hearings on Salaries of Government Employees, May 9, 1949, p. 1.

² Ibid., pp. 2-3.

³ 80th Cong., 2d sess., Senate Committee on Appropriations, Sick and Annual Leave, committee print, 1948, p. 1.

⁴ Ibid., p. 5.

end of September 1949, there were 212,819 Federal employees in the District of Columbia area. The monthly pay roll for these workers was in the vicinity of \$60,000,000.⁵ On this basis, salaries for Federal employees in the District area would amount to about \$2,769,230 per basic work day.

Cost of increasing postal employees, leave: The average salary of postal employees in 1949, before the recent postal pay raise, was \$3,200 a year.⁶ On the basis of 480,000 postal employees, salaries would thus amount to about \$1,536,000,000 annually. It is estimated that the pay raise will add about \$115,000,000 to salaries, making a total of about \$1,651,000,000.⁷ Salaries for 1 day would amount to approximately \$6,350,000. The cost of increasing postal employees' annual leave by 5 days, from 15 to 20 days, would cost approximately \$31,750,000.

The cost per day of increasing sick leave would be the same as for annual leave.

Leave regulations: ⁸ Under authority of Executive Order 9414 of January 13, 1944, the Civil Service Commission has published annual and sick leave regulations for Federal employees. Those regulations are set forth briefly below.

Annual leave: Permanent employees shall earn and be credited with 26 days of annual leave for each calendar year, accumulated at the rate of 1 day per biweekly pay period. Temporary employees shall earn and be credited with annual leave at the rate of 2½ days for each full continuous month of service. Annual leave may be accumulated to a total of 60 days. Thirty additional days, if earned during the period from September 8, 1939, to July 25, 1947, may be carried until used.

Sick leave: Permanent employees shall earn and be credited with sick leave at the rate of 1½ days per calendar month. Temporary and "when actually employed" categories earn sick leave at the same rate. A total of 90 days sick leave may be accumulated.

Excepted employees: Certain categories of employees not covered by the above regulations are included in the following table, which is based on 1947 figures.⁹

⁵ Mrs. Votaw, Federal employment statistical staff, Civil Service Commission, by telephone, Nov. 3, 1949.

⁶ Testimony of Postmaster General Jesse M. Donaldson before a subcommittee of the Senate Committee on Post Office and Civil Service, hearings on Adjustment of Postal Rates, March 14, 1949, p. 13.

⁷ Representative TOM MURRAY, CONGRESSIONAL RECORD, October 17, 1949, p. 15026.

⁸ Unless otherwise noted, source is U. S. Civil Service Commission, Federal Personnel Manual, sections L1 and Z.

⁹ Senate Committee on Appropriations, op. cit., p. 10.

Establishment	Number of employees	Leave regulations
1. Treasury Department, White House Police force.....	99	30 days sick leave each calendar year.
2. Department of the Army, maritime personnel.....	11, 271	Common port practice.
3. Post Office Department, field service.....	437, 753	Wide variety of leave regulations, some apparently cumulative indefinitely.
4. Interior Department, United States Park Service.....	114	(According to 44 Stat. 834 as amended.)
5. Department of Agriculture.....	14, 500	
Extension Service.....	(12, 000)	Respective State leave systems.
Federal land banks.....		
Federal intermediate credit banks.....		
Production Credit Corporations.....	(2, 400)	{ Subject to Public Law 323, Seventy-fifth Congress. Accumulate sick leave 1½ days per month to 90 days; annual leave at same rate to 60; plus 1 day for each year of service to 7.
Banks for cooperatives.....		
General land offices.....		
Cooperative agents.....	(100)	State regulations.
6. Department of Commerce, Coast and Geodetic Survey, commissioned officers.....	157	Same as Navy officers.
7. Federal Security Agency, Public Health Service, commissioned officers.....	2, 003	Same as Army and Navy officers.
8. Maritime Commission, uniformed personnel.....	952	Annual leave at rate of 2½ days per month to 60.
9. Panama Canal:		
Canal Zone.....		Prevailing wage rates.
Teachers.....	273	No annual; 15 day sick cumulative to 45 days.
10. Panama Railroad Company.....	4	Administratively.
Pier.....	31	Union agreements.
11. Philippine Alien Property Custodian, aliens.....	94	8 hours annual each biweekly period; 10 hours sick each month, both cumulative.
12. Veterans' Administration, medical personnel.....	15, 315	2½ days per month annual; 1½ days per month sick.
13. Temporary employees.....	42, 349	Do.

In addition, the following employees are excepted: (1) Teachers and librarians of public schools in the District of Columbia; (2) temporary employees on construction work at hourly rates; (3) per diem or per-hour employees in emergency, part-time, or intermittent service; (4) persons engaged under contracts; (5) persons employed for less than a month on a piece-price basis; (6) consultants in a "while actually employed" status; (7) physicians, surgeons, or other consultants employed on a fee basis; (8) alien and native-labor outside the continental limits of the United States; and, (9) District of Columbia Police and Fire Departments.

Sources: In addition to those sources which are indicated in the footnotes, certain other sources were consulted. These included all the publications of the Senate and House Committees on Post Office and Civil Service during the past few years. These publications included hearings as well as reports. Besides the Federal Employment Statistics Staff, other officials of the Civil Service Commission were consulted, including: David Lawton, Director of Personnel; George Lipscomb, Information Division; and the office of James Hatcher, Chief of Investigations Division. At the Federal Personnel Council, Mrs. Mary Cushing Niles, staff adviser and representative on the Council's Leave Committee, was contacted. The Legislative Reference Service also maintains a file of materials collected from newspapers, periodicals, and other publications on the subject of Government employees' salaries and hours of labor.

(Dudley Ball, Government Section, November 8, 1949.)

EXHIBIT 2

PAID VACATIONS IN INDUSTRY

Vacation plans and procedures in private industry are constantly changing. During the last few decades the trend has been toward granting paid vacations, but there has been little uniformity in the plans adopted. One-fourth of all manufacturing plants in the United States offered vacations with pay prior to World War II. By 1946 three-fourths of all manufacturing plants offered such vacations to manual workers and nine-tenths granted paid vacations to office workers. Probably most common was a 1-week paid vacation for manual workers and 2 weeks for office employees. Some plants allowed added vacation to those who did not use all their sick leave or who had excellent attendance and punctuality records. Absenteeism, on the other hand, sometimes caused a reduction in the amount of vacation granted.¹ A survey made by the National Industrial Conference Board of vacation clauses in 197 union contracts effective during the 1949 vacation season is the most recent study available and revealed that 96 percent of the contracts provided vacations with pay.²

Other major items revealed by the Conference Board study were:

1. In 69 percent of the contracts, production employees are receiving a maximum of 2 weeks' paid vacation, regardless of length of service, and 46.9 percent of white-collar contracts have a 2 weeks' maximum. For a third week of vacation the most common requirement is 15 years' service.

2. The War Labor Board formula of 1 week of vacation after 1 year of service and 2 weeks after 5 years is losing support. Twenty-four and five tenths percent of production-worker contracts and 71.3 percent of white-collar contracts provide some vacation for less than a year of service. Forty percent of production contracts grant 2 weeks vacation for anywhere from 1 to 4 years' service.

3. Variations in plans are increasing. In companies granting 2 weeks maximum paid vacation to hourly employees, 27 different ways are used to reach this maximum. Twenty-four varieties of plans are used where more than 2 weeks vacation is granted.

4. There is considerable variation in methods of computing vacation pay. The most common practice for hourly employees is to compute pay on the basis of the employee's regular rate and the number of hours in his regular week. Many contracts, however, provide for averaging or percentage methods to overcome variations in pay during the year or to reflect the time the employee actually worked.

There are three types of plans which are used, with variations, by industry in arriving at the length of vacation to be allowed: (1) All employees with a minimum length of service receive vacations of the same length; (2) the length of vacation varies with the length of service; and, (3) all employees receive the same vacation but pay varies with the length of service. A study made by the Metropolitan Life Insurance Co. about 1945 showed that of 122 companies studied only 4 (3 of which were public utilities) had type (1) above. One hundred and three companies employed type (2). Twelve companies closed their plants and granted pay on the basis of length of service. There are varying definitions of what constitutes continuous service for the purpose of computing vacation time to be allowed. Most companies permit split vacations and allow credit for holidays which fall during the vacation period. Some, as a matter of fact, give extra holiday pay on such occasions.³ In 1947, six holidays were allowed by the majority of companies. Nearly 12 percent, however, granted more than 8 holidays, the number received by Federal employees.⁴

The following tables, prepared by the National Industrial Conference Board, are reproduced from the Management Record for February 1949.

TABLE 1.—Paid vacation plans in 100 contracts granting maximum vacation time of 2 weeks (production employees)

Plan	Total		CIO	A. F. of L.	Independent
	Number	Percent			
1 day/month (maximum, 2 weeks per year)	2	2	---	1	1
2 days/10 weeks (maximum, 2 weeks per year)	1	1	---	1	---
2 days for 6 months, 3 days for 9 months, 1 for 1, 2 for 3	1	1	---	---	1
1 day/2 months (maximum, 1 week for year), 1 additional day for each year after first (maximum, 2 for 5)	1	1	---	1	---
½ week for 6 months, 1 for 1, 2 for 18 months	1	1	1	---	---
½ week for 6 months, 1 for 1, 2 for 2	1	1	---	1	---

³ Management Review, March 1947, pp. 142-144.

⁴ National Industrial Conference Board, Vacation and Holiday Practices, New York, 1946, pp. 13-14; Management Record, April 1947, pp. 71-72.

TABLE 1.—Paid vacation plans in 100 contracts granting maximum vacation time of 2 weeks (production employees)—Con.

Plan	Total		CIO	A. F. of L.	Independent
	Number	Percent			
½ week for 6 months, 1 for 1, 2 for 3	2	2	2	---	---
½ week for 6 months, 1 for 1, 2 for 5	1	1	1	---	---
1 week for 3 months, 2 for 5	1	1	1	---	---
1 week for 6 months, 2 for 1	3	3	2	1	---
1 week for 6 months (40 hours' pay), 1 week for 3 years (60 hours' pay), 2 for 5	7	7	4	2	1
1 week for 6 months, 2 for 2	1	1	---	1	---
1 week for 6 months, 2 for 5	1	1	1	---	---
1 week for 1 year	3	3	---	1	2
1 week for 1 year (40 hours' pay)	1	1	---	1	---
1 week for 5 (80 hours' pay)	1	1	---	---	---
1 week for 1 year, 1 additional day for each year after first (maximum, 2 for 5)	3	3	---	3	---
1 week for 1 year (2 percent annual earnings), 1 for 3 (3 percent), 2 for 5 (4 percent)	1	1	---	1	---
1 week for 1 year (2 percent of annual earnings), 1 for 3 (3.25 percent), 2 for 5 (4.5 percent)	1	1	1	---	---
1 week for 1 year, 1½ for 2, 2 for 3	1	1	---	---	1
1 week for 1 year, 1½ for 3, 2 for 5	2	2	1	1	---
1 week for 1 year, 2 for 2	5	5	1	4	---
1 week for 1 year, 2 for 3	11	11	2	6	3
1 week for 1 year, 2 for 4	2	2	---	1	1
1 week for 1 year, 2 for 5	44	44	20	14	10
2 weeks for 1 year	1	1	---	1	---
2 weeks for 1 year (84 hours pay), 2 for 5 (96 hours pay) 2 for 25 (136 hours pay)	1	1	---	1	---
1 hour for each 21 hours worked	1	1	---	1	---
Total	100	100	37	43	20

TABLE 2.—Paid vacation plans in 45 contracts granting vacation time of more than 2 weeks (production employees)

Plan	Total		CIO	A. F. of L.	Independent
	Number	Percent			
11 days for 6 months, 16 days for 4 years	1	2.2	---	---	1
1 day/month (maximum, 2 weeks for year), 3 for 15	1	2.2	1	---	---
1 day/month (maximum 2 weeks for year), 3 for 20	2	4.4	1	---	1
1 day/2 months (maximum, 1 week for year), 2 for 5, 3 for 20	1	2.2	1	---	---
1 week for 6 months, 2 for 1, 3 for 15	3	6.7	1	1	1
1 week for 6 months, 2 for 2, 3 for 20	1	2.2	---	1	---
As of January 1, 1 week for those with less than 4 months service; 2 weeks for those with more than 4 months, 3 for 15	1	2.2	1	---	---
1 week for 1 year 1 additional day for each year up to 5, 3 for 20	1	2.2	1	---	---
1 week for 1 year, 2 for 2, 3 for 5	1	2.2	---	1	---
1 week for 1 year, 2 for 2, 3 for 10	1	2.2	1	---	---
1 week for 1 year, 2 for 2, 3 for 15	2	4.4	1	---	1
1 week for 1 year, 2 for 2, 3 for 25	1	2.2	---	1	---
1 week for 1 year, 2 for 3, 3 for 12	1	2.2	---	1	---
1 week for 1 year, 2 for 3, 3 for 15	4	8.9	3	1	1
1 week for 1 year, 2 for 3, 3 for 20	2	4.4	---	2	---
1 week for 1 year, 2 for 3, 3 for 25	1	2.2	---	1	---
1 week for 1 year, 2 for 4, 3 for 20	1	2.2	---	---	1
1 week for 1 year, 2 for 5, 3 for 15	4	8.9	4	---	---
1 week for 1 year, 2 for 5, 3 for 20	6	13.3	4	1	1
1 week for 1 year, 2 for 5, 3 for 25	3	6.7	3	---	---
2 weeks for 1 year, 3 for 15	2	4.4	---	2	---
2 weeks for 1 year, 3 for 15, 4 for 25, 5 for 30	1	2.2	---	1	---
2 weeks for 1 year, 3 for 20	2	4.4	---	1	1
2 weeks for 1 year, 3 for 25	1	2.2	1	---	---
Total	45	100.0	23	14	8

¹ Dale Yoder, Personnel Management and Industrial Relations, 3d ed., New York, 1948.

² John J. Speed, Vacation Practices—1949, Management Record, February 1949, p. 53.

TABLE 3.—Minimum service requirements and vacation allowances in 192 contracts

Policy	White-collar contracts		Production-worker contracts							
	Total		Total		CIO		AFL		Independent	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 hour for each 21 hours worked.....			1	.7			1	1.8		
No time off, but 2 percent of past earnings (for those with less than 1 year employment).....			3	2.1			2	3.5	1	3.6
1 day for 1 month.....	10	21.3	7	4.8	2	3.3	1	1.8	4	14.3
1 day for 2 months.....			1	.7	1	1.7				
1 day for 3 months.....	1	2.1								
2 days for 10 weeks.....			1	.7			1	1.8		
2 days for 3 months.....			1	.7	1	1.7				
2 days for 6 months.....			2	1.4			1	1.8		
½ week for 6 months.....	1	2.1	5	3.4	3	5.0	1	1.8	1	3.6
3 days for 6 months.....			1	.7	1	1.7			1	3.6
1 week for 3 months.....	1	2.1	1	.7	1	1.7				
1 week for 4 months.....			1	.7	1	1.7				
1 week for 6 months.....	20	42.6	9	6.2	5	8.3	4	7.0		
1 week for 1 year.....	9	19.1	104	71.7	44	73.3	40	70.2	20	71.4
2 weeks for 1 year.....	5	10.6	7	4.8	1	1.7	6	10.5		
11 days for 6 months.....			1	.7					1	3.6
Total.....	47	100.0	145	100.0	60	100.0	57	100.0	28	100.0

TABLE 4.—Maximum service requirements and vacation allowances made in 192 contracts

Policy	White collar contracts		Production worker contracts							
	Total		Total		CIO		AFL		Independent	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1 week for 1 year.....			6	4.1	2	3.3	2	3.5	2	7.1
2 weeks for 1 year.....	17	36.2	9	6.2	2	3.3	6	10.5	1	3.6
2 weeks for 18 months.....			1	.7	1	1.7				
2 weeks for 2 years.....	2	4.3	7	4.8	1	1.7				
2 weeks for 3 years.....	3	6.4	15	10.3	4	6.7	6	10.5		
2 weeks for 4 years.....			2	1.4			6	10.5	5	17.9
2 weeks for 5 years.....			59	40.7	27	45.0	1	1.8	1	3.6
2 weeks for 6 years.....			1	.7			21	36.8	11	39.3
Total contracts with 2-week maximum.....	22	46.9	100	69.0	37	61.7	43	75.4	20	71.4
15 days for 1 year.....	1	2.1								
2½ weeks for 10 years.....	1	2.1								
3 weeks for 3 years.....	2	4.3								
3 weeks for 5 years.....			1	.7			1	1.8		
3 weeks for 6 years.....	1	2.1								
3 weeks for 10 years.....	4	8.5								
3 weeks for 15 years.....	5	10.7	17	11.7	11	18.3	3	5.3	3	10.7
3 weeks for 20 years.....	1	2.1	16	11.0	7	11.7	5	8.8	4	14.3
3 weeks for 25 years.....	3	6.4	6	4.1	4	6.7	2	3.5		
1½ days for 4 years.....			1	.7					1	3.6
4 weeks for 1 year.....	1	2.1								
4 weeks for 13 years.....	1	2.1								
4 weeks for 20 years.....	1	2.1								
4 weeks for 25 years.....	4	8.5	3	2.1	1	1.7	2	3.5		
5 weeks for 30 years.....			1	.7			1	1.8		
Total contracts granting more than 2 weeks.....	25	53.1	45	31.0	23	38.3	14	24.6	8	28.6
Total.....	47	100.0	145	100.0	60	100.0	57	100.0	28	100.0

¹ These companies grant 1 week maximum in time, but grant 2 weeks' pay after 5 years.

² 1 company grants 2 weeks' maximum in time, but grants 3 weeks' pay after 25 years.

³ 1 company grants 2 weeks' maximum in time, but increases pay at completion of 10 and 15 years' service.

The tables above show the plans as they affect those employees who are classified either as wage earners, production workers, and manual workers or as salaried, office, or white-collar employees. No data have been found referring to "technical" employees. It would seem safe to assume that any such classification is included in one of the two categories mentioned above. As for executives, most of them are included in the salaried-workers category, or else have their leave decided on an individual basis. Extra time is often granted executives in recognition of the dire effects of constant tension. Among the 3 to 5 percent of companies which do have a formulated plan for executives, 1 month per year appears to be the most prevalent vacation time.

VACATION PRACTICES IN SPECIFIC INDUSTRIES

The Bureau of Labor Statistics of the Department of Labor made an extensive survey of paid vacation in American industry in

1943-44. The study covered 15,000 establishments and some 4,000,000 workers in the following industries: aircraft, chemicals, electrical machinery, food, iron and steel, leather, lumber, machinery, ordnance, paper, printing and publishing, smelting, textile, banking, petroleum, mining, laundry, and retail trade. Since there have been many changes in vacation plans since 1943, the data assembled in this study have lost much of their original significance. The findings, however, are still valuable because of the extensiveness of the study and the Bureau's reputation for impartiality. The Bureau found that in the manufacturing industries, the most usual maximum paid vacation was 8-10 days; in nonmanufacturing industries it was 2 weeks. Industries in which vacation provisions were the most common (aircraft, electrical machinery, chemicals, food, and retail trades) also gave the longest vacations. Forty percent of the workers in the

food industry, 20 percent of those in the electrical machinery industry, and more than 30 percent of those in department stores had maximum vacations of more than 2 weeks.⁵

In the mining industry, a lump sum vacation payment of \$50 was given to all employees with service of 1 year or longer, and 10 days time off. Iron-ore miners received 1 week after 3 years, and 2 weeks after longer periods of service (10 to 15 years). Two-thirds of the nonferrous miners received 1 week after 1 year, and 2 weeks after 5 years; the rest received 1 week after 1 year or more.

In transportation, operating and non-operating employees of the railroads received 1 week with pay if they had worked 160 days during the year. Railroad clerks and teleg-

⁵ U. S. Department of Labor, Bureau of Labor Statistics; Paid Vacations in American Industry, 1943 and 1944. Bulletin No. 811, 1945, 8q pp.

EXHIBIT 3

DATA PERTAINING TO SICK LEAVE IN PRIVATE INDUSTRY, TAKEN FROM A COMPARATIVE STUDY OF PROVISIONS FOR PAID ABSENTEEISM IN PRIVATE INDUSTRY WITH LEAVE PROVISIONS FOR GOVERNMENT EMPLOYEES, APRIL 20, 1948

(No significant new studies on the subject of sick leave in industry have been found)

PAID SICK-LEAVE BENEFITS IN INDUSTRY

Data thus far considered on illness and absenteeism has not revealed the extent of paid benefits during illness. In 1945 about 350 collective-bargaining agreements out of a total of 5,000 examined contained paid sick-leave provisions. However, the granting of sick leave without pay, but also without loss of seniority or employment rights, is an established practice and provided for in many contracts.¹

Studies of prevailing practices for granting sick-leave benefits based upon wage analysis during 1945 and 1946 show that less than 3 percent of the manufacturing establishments had formal plans in operation which provided sick leave for plant workers. Eight percent; however, had such plans for office workers.²

Among nonmanufacturing industries such provisions were more common—nearly half

of the electric light and power establishments and a third of the retail stores paid workers for time lost while sick.

A study of the wage structure in home offices of life-insurance companies made by the Bureau of Labor Statistics in January 1947 indicates that nearly half of the companies studied—45 percent—had formal provisions for the granting of paid sick leave after 1 year of service with the company. In about half of this group, roughly one-fourth of the establishments studied, provided 2 weeks' sick absenteeism allowance after 1 year's service.³ Many of the occupations represented in the study of life-insurance offices are numerically important in Government service.

Analysis of the earnings of office clerical workers is now in progress in order to determine prevailing wages paid to this group in different cities throughout the country. Thus far data for only two cities has been made available—Buffalo and Milwaukee. In each city formal provisions for paid sick leave exist in about one-fourth of the establishments studied.⁴

(E. Eleanor Rings, Library of Congress Legislative Reference Service, General Research Section, April 20, 1948.)

³ U. S. Bureau of Labor Statistics. Wage structure, life insurance, 1947. Series 2, No. 58, p. 3.

⁴ U. S. Bureau of Labor Statistics. Mimeographed releases, March 12, 1948, and March 20, 1948.

raphers received 9 days vacation after 2 years, and 12 days after 3 years. Truckers received 1 week after 1 year in the majority of cases, but some received 2 weeks after 1 year or longer. Street-railway and bus employees received a maximum of 2 weeks paid vacation. Maritime employees received vacations as follows: Thirty days after 1 year for licensed officers on tankers; 21 days for unlicensed tanker personnel; 2 weeks after 1 year for officers on dry-cargo ships; 1 week after 1 year, and 2 weeks after 2 years for unlicensed dry-cargo ship personnel.

Public utilities generally granted 1 week after 1 year. Light and power companies gave 2 weeks after 2 to 5 years. Telephone and telegraph companies allowed 2 weeks after 2 years and 3 weeks after 15 to 30 years.

Trade, clerical, and professional workers received 1 week after 1 year or 2 weeks after 2 years. Office, technical, and professional workers received at least 2 weeks vacation after 1 year of service.

In the manufacturing industries generally, 1 week of vacation after 1 year of service was the most common up until 1943. After 1943, 2 weeks after 1 year became increasingly more prevalent. The latest figures furnished by the Bureau study showed that 37 percent of manufacturing workers received a maximum of 1 week of paid vacation; 1 percent received over 1 week but less than 2 weeks; 56 percent received 2 weeks maximum; 2 percent received 3 weeks (meat-packing industry), and the provisions for 4 percent were unknown.

(Dudley B. Ball, Government Section, January 3, 1950.)

EXHIBIT 4.—Comparison of Classification Act rates with weighted average locality rates for selected white-collar jobs in 10 labor markets (per annum rates)

	Classification Act grade	Classification Act rates			Atlanta, Ga., July 16, 1948; 1,988 employees, 26 firms	Chicago, Ill., Oct. 19, 1948; 8,237 employees, 75 firms	Springfield, Mass., July 29, 1948; 1,403 employees, 19 firms	Kansas City, Mo., Oct. 31, 1948; 1,664 employees, 42 firms	St. Louis, Mo., Oct. 8, 1948; 4,711 employees, 60 firms	New York, N. Y., Feb. 15, 1949; 10,380 employees, 60 firms	Fayetteville, N. C., July 10, 1948; 162 employees, 48 firms	Oklahoma City, Okla., Dec. 3, 1948; 1,920 employees	Columbia, S. C., July 1, 1948; 1,134 employees, 42 firms	Hampton Roads, Va., Jan. 24, 1949; 223 employees, 23 firms
		Minimum	Mid-point	Maximum										
Accounting clerk: Book-keeper A.....	CAF-5	\$2,974.80	\$3,351.00	\$3,727.20	\$3,099.20	\$3,369.60	\$3,286.40	\$3,036.80	\$3,244.80	\$3,328.00	-----	\$3,224.00	\$2,849.60	\$2,496.00
Accounting clerk: Book-keeper B.....	CAF-4	2,724.00	2,949.72	3,175.44	2,225.60	2,724.80	2,288.00	2,412.80	2,683.20	2,704.00	\$2,204.80	2,433.60	2,412.80	1,705.60
Mail clerk.....	CAF-2	2,284.00	2,498.28	2,724.00	1,747.20	1,934.40	1,518.40	1,830.40	2,017.60	1,934.40	1,830.40	1,955.20	2,080.00	1,747.20
Messenger.....	CPC-2	2,020.00	2,218.00	2,350.00	1,726.40	1,955.20	1,456.00	1,664.00	2,225.60	1,768.00	1,747.20	1,393.60	1,788.80	1,164.80
Pay-roll clerk.....	CAF-4	2,724.00	2,949.72	3,175.44	2,433.60	2,704.00	2,080.00	2,267.20	2,600.00	2,849.60	2,288.00	2,724.80	2,579.20	2,329.60
Calculating machine operator.....	CAF-3	2,498.28	2,724.00	2,949.72	2,204.80	2,662.40	2,038.40	2,475.20	2,558.40	3,161.60	2,017.60	2,392.00	2,267.20	1,580.80
Key-punch machine operator.....	CAF-2	2,284.00	2,498.28	2,724.00	1,955.20	2,433.60	2,017.60	2,142.40	2,288.00	2,454.40	-----	2,017.60	2,038.40	-----
Transcribing machine operator.....	CAF-4	2,724.00	2,949.72	3,175.44	2,433.60	2,704.00	2,080.00	2,267.20	2,600.00	2,849.60	-----	2,142.40	1,996.80	-----
Clerk, general A.....	CAF-2	2,284.00	2,498.28	2,724.00	2,142.40	2,496.00	1,747.20	2,080.00	2,225.60	2,537.60	-----	2,121.60	2,163.20	2,537.60
Clerk, general B.....	CAF-3	2,498.28	2,724.00	2,949.72	1,913.60	2,496.00	1,976.00	2,308.80	2,412.80	2,808.00	-----	1,996.80	2,288.00	1,851.20
File clerk.....	CAF-2	2,284.00	2,498.28	2,724.00	1,955.20	2,142.40	1,684.80	1,892.80	2,308.80	2,121.60	1,913.60	1,664.00	1,830.40	1,913.60
Secretary, private A.....	CAF-3	2,498.28	2,724.00	2,949.72	1,726.40	2,121.60	1,580.80	1,830.40	1,876.00	2,059.20	1,581.20	2,246.40	1,768.00	1,643.20
Secretary-stenographer B.....	CAF-3	2,724.00	2,949.72	3,175.44	2,683.20	3,244.80	2,870.40	2,953.60	2,828.80	3,515.20	2,579.20	2,766.40	2,262.40	2,329.60
Stenographer A.....	CAF-2	2,498.28	2,724.00	2,949.72	2,579.20	2,891.20	2,184.00	2,142.40	2,225.60	2,891.20	2,142.40	2,350.40	2,246.40	2,163.20
Stenographer B.....	CAF-3	2,724.00	2,949.72	3,175.44	2,683.20	3,244.80	2,870.40	2,953.60	2,828.80	3,515.20	2,579.20	2,766.40	2,262.40	2,329.60
Typist A.....	CAF-2	2,284.00	2,498.28	2,724.00	2,059.20	2,606.00	2,059.20	2,204.80	2,267.20	2,662.40	2,080.00	2,350.40	2,246.40	2,558.40
Typist B.....	CAF-2	2,284.00	2,498.28	2,724.00	1,934.40	2,350.40	2,080.00	1,643.20	2,038.40	2,288.00	1,664.00	1,955.20	2,038.40	2,308.80
Telephone operator.....	CAF-1	2,086.00	2,284.00	2,498.28	1,788.80	2,038.40	1,643.20	2,017.60	2,059.20	2,038.40	2,163.20	2,371.20	2,142.40	2,350.40
	CAF-2	2,284.00	2,498.28	2,724.00	1,976.00	2,433.60	1,955.20	2,121.60	2,184.00	2,516.80	1,747.20	2,100.30	1,851.00	1,705.60
		46,016.20	50,308.40	54,642.40	39,936.00	47,278.40	38,313.60	41,017.60	44,241.60	48,172.80	29,577.60	41,974.40	41,288.00	32,385.60
Average.....		2,421.91	2,647.81	2,875.92	2,101.89	2,483.34	2,016.51	2,158.82	2,328.51	2,535.41	1,971.80	2,209.18	2,173.05	2,036.60

NOTE.—Pay raises averaging \$125 have been given to Government workers since this table was made. Pay increases for specific classification are listed below.

Source: Testimony of Martin J. Friedman, chief of the technical staff of the Army and Air Force Wage Board, given May 11, 1949, before a subcommittee of the Senate Post Office and Civil Service Committee during hearings on salaries of Federal Government employees (p. 92 of the hearings).

The pay scales of the Classification Act of 1949

GENERAL SCHEDULE

[The rates for the general schedule are in italic type and are listed immediately below the corresponding rates of the former professional and scientific, subprofessional, and clerical, administrative and fiscal services]

Service and grade				Basic pay rates								
P	SP	CAF	GS									
	1	1		\$2,020	\$2,086	\$2,152	\$2,218	\$2,284	\$2,350	\$2,423.04		
	2		1	2,200	2,280	2,360	2,440	2,520	2,600	2,680		
	3	2	2	2,284	2,350	2,423.04	2,498.28	2,573.52	2,648.76	2,724		
	4	3	3	2,450	2,530	2,610	2,690	2,770	2,850	2,930		
	5	4	4	2,498.28	2,573.52	2,648.76	2,724.00	2,799.24	2,874.48	2,949.72		
	6	5	5	2,650	2,730	2,810	2,890	2,970	3,050	3,130		
	7	6	6	2,724	2,799.24	2,874.48	2,949.72	3,024.96	3,100.20	3,175.44		
	8	7	7	2,875	2,955	3,035	3,115	3,195	3,275	3,355		
1	9	8	8	2,974.80	3,100.20	3,225.60	3,351	3,476.40	3,601.80	3,727.20		
	10	9	9	3,100	3,225	3,350	3,475	3,600	3,725	3,850		
	11	10	10	3,351	3,476.40	3,601.80	3,727.20	3,852.60	3,978	4,103.40		
	12	11	11	3,450	3,575	3,700	3,825	3,950	4,075	4,200		
2	13	12	12	3,727.20	3,852.60	3,978	4,103.40	4,228.80	4,354.20	4,479.60		
	14	13	13	3,825	3,950	4,075	4,200	4,325	4,450	4,575		
	15	14	14	4,103.40	4,228.80	4,354.20	4,479.60	4,605	4,730.40	4,855.80		
	16	15	15	4,200	4,325	4,450	4,575	4,700	4,825	4,950		
3	17	16	16	4,479.60	4,605.00	4,730.40	4,855.80	4,981.20	5,106.60	5,232		
	18	17	17	4,600	4,725	4,850	4,975	5,100	5,225	5,350		
	19	18	18	4,855.80	4,981.20	5,106.60	5,232	5,357.40	5,482.80	5,608.20		
	20	19	19	5,000	5,125	5,250	5,375	5,500	5,625	5,750		
4	21	20	20	5,232	5,482.80	5,733.60	5,984.40		6,235.20			
	22	21	21	5,400	5,600	5,800	6,000	6,200	6,400			
5	23	22	22	6,235.20	6,474.60	6,714	6,953.40	7,192.80				
	24	23	23	6,400	6,600	6,800	7,000	7,200	7,400			
6	25	24	24	7,432.20	7,671.60	7,911	8,150.40	8,389.80				
	26	25	25	7,600	7,800	8,000	8,200	8,400	8,600			
7	27	26	26	8,509.50	8,808.75	9,108		9,407.25	9,706.50			
	28	27	27	8,800	9,000	9,200	9,400	9,600	9,800			
8	29	28	28			10,305	10,330					
	30	29	29	10,000	10,250	(10,500)	10,500	10,750	11,000			
	31	30	30	11,200	11,400	11,600	11,800	12,000				
	32	31	31	12,200	12,400	12,600	12,800	13,000				
	33	32	32	14,000								

CRAFTS, PROTECTIVE AND CUSTODIAL SCHEDULE

[The new rates for the crafts, protective and custodial schedule are in italic type and are shown just below the corresponding rates of the former crafts, protective and custodial service. The grade numbers are the same.]

CPC-1	\$1,410	\$1,500	\$1,588	\$1,660	\$1,732
CPC-2	1,510	1,630	1,690	1,810	1,870
CPC-3	2,020	2,152	2,284	2,350	2,423.04
CPC-4	2,120	2,260	2,350	2,470	2,540
CPC-5	2,152	2,284	2,350	2,498.28	2,573.52
CPC-6	2,252	2,392	2,492	2,652	2,732
CPC-7	2,350	2,423.04	2,498.28	2,573.52	2,648.76
CPC-8	2,450	2,530	2,610	2,690	2,770
CPC-9	2,573.52	2,648.76	2,724	2,799.24	2,874.48
CPC-10	2,674	2,754	2,834	2,914	2,994
CPC-11	2,799.24	2,874.48	2,949.72	3,024.96	3,100.20
CPC-12	2,900	2,980	3,060	3,140	3,220
CPC-13	3,024.96	3,100.20	3,175.44	3,250.68	3,325.92
CPC-14	3,125	3,225	3,325	3,425	3,525
CPC-15	3,225.60	3,351	3,476.40	3,601.80	3,727.20
CPC-16	3,400	3,525	3,650	3,775	3,900
CPC-17	3,601.80	3,727.20	3,852.60	3,978	4,103.40
CPC-18	3,775	3,900	4,025	4,150	4,275
CPC-19	3,978	4,103.40	4,228.80	4,354.20	4,479.60
CPC-20	4,150	4,275	4,400	4,525	4,650

Notes on these two schedules: (1) Part-time charwomen and part-time head charwomen are paid at the rate of \$2,400 per annum and \$2,540 per annum, respectively. (2) The act places numerical limitations on the number of positions that can be in grades GS-16, GS-17, and GS-18 at any one time: 300 in GS-16, 75 in GS-17, and 25 in GS-18. (3) The fourth rate in grades having a sixth-rate range is considered the middle rate for actions required under the efficiency rating system.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. DOUGLAS. Mr. President, I send to the desk an amendment and ask that it be stated.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 6, line 17, it is proposed to strike out the period after the word "law", insert a colon, and add: "Provided further, That hereafter, the amount of annual leave for Government employees, including the employees of the postal service, shall be at the rate of twenty days per year and the amount of sick leave shall be at the rate of 12 days per year for classified, postal, and wage-board employees."

Mr. McKELLAR and Mr. JOHNSTON of South Carolina addressed the Chair.

The VICE PRESIDENT. The Senator from Tennessee is recognized.

Mr. McKELLAR. I yield, if the Senator from South Carolina desires to proceed. I expect we both have in mind doing the same thing, namely, making a point of order against the proposed amendment as being legislation on an appropriation bill.

Mr. JOHNSTON of South Carolina. The Senator is correct.

Mr. DOUGLAS. I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from South Carolina make the point of order against the amendment?

Mr. JOHNSTON of South Carolina. I make the point of order.

The VICE PRESIDENT. On the ground that the amendment is legislation on an appropriation bill?

Mr. JOHNSTON of South Carolina. Yes, Mr. President; on the ground that it is legislation on an appropriation bill.

The VICE PRESIDENT. The point of order is made, and the point of order is also made that a quorum is not present, which takes precedence over the other point of order. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	George	Kilgore
Brewster	Graham	Knowland
Bricker	Green	Langer
Butler	Gurney	Lehman
Cain	Hayden	Lodge
Capehart	Hendrickson	Lucas
Connally	Hickenlooper	McCarthy
Cordon	Hill	McClellan
Darby	Holland	McKellar
Donnell	Humphrey	McMahon
Douglas	Hunt	Magnuson
Dworshak	Ives	Maybank
Eaton	Johnson, Colo.	Millikin
Ellender	Johnson, Tex.	Mundt
Ferguson	Johnston, S. C.	Murray
Flanders	Kefauver	Myers
Frear	Kem	Neely
Fulbright	Kerr	O'Mahoney

Robertson	Taylor	Wherry
Schoeppel	Thomas, Okla.	Wiley
Smith, Maine	Thye	Williams
Smith, N. J.	Tobey	Withers
Sparkman	Tydings	Young
Stennis	Watkins	

The VICE PRESIDENT. A quorum is present.

The Senator from Illinois [Mr. DOUGLAS] offered an amendment to the bill, to which the Senator from South Carolina [Mr. JOHNSTON] has made a point of order on the ground that it is legislation on an appropriation bill. The Chair thinks it is obviously subject to the point of order. The amendment does not affect any appropriation in the bill. It is not a limitation on any appropriation in the bill. It would change existing law with reference to leave of absence on the part of Federal employees, and, therefore, is in violation of rule XVI, paragraph 4, which provides that no amendment changing existing law shall be received on a general appropriation bill.

Therefore the Chair sustains the point of order.

Mr. DOUGLAS. Mr. President, in accordance with the notice of intent filed with the Senate on February 27, I move to suspend the rule, and ask for the yeas and nays on that motion.

The VICE PRESIDENT. The Senator from Illinois has moved to suspend the rule to make the amendment in order, and has asked for the yeas and nays on his motion.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ], the Senator from Kentucky [Mr. CHAPMAN], the Senator from North Carolina [Mr. HOEY], and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Connecticut [Mr. BENTON] and the Senator from California [Mr. DOWNEY] are necessarily absent.

The Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Iowa [Mr. GILLETTE], the Senator from Arizona [Mr. MCFARLAND], the Senator from Maryland [Mr. O'CONOR] are absent on official business.

The Senator from Rhode Island [Mr. LEAHY] is absent because of illness.

The Senator from Louisiana [Mr. LONG], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Utah [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Georgia [Mr. RUSSELL] is absent because of a death in his family, and if present would vote "yea."

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Rhode Island [Mr. LEAHY], the Senator from Nevada [Mr. MCCARRAN], the Senator from Maryland [Mr. O'CONOR], the Senator from Florida [Mr. PEPPER], and the Senator from Utah [Mr. THOMAS] would vote "nay."

Mr. WHERRY. I announce that the Senator from Nevada [Mr. MALONE], and

the Senator from Pennsylvania [Mr. MARTIN] are absent on official business.

The Senator from Oregon [Mr. MORSE] is absent by leave of the Senate. If present and voting, the Senator from Oregon would vote "nay."

The Senator from Indiana [Mr. JENNER], the Senator from Ohio [Mr. TAFT], and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from Massachusetts [Mr. SALTONSTALL] are detained on official business.

The result was announced—yeas 15, nays 56, as follows:

YEAS—15

Bricker	Ferguson	Lehman
Butler	Flanders	Smith, N. J.
Cain	Fulbright	Tydings
Cordon	Kem	Wherry
Douglas	Knowland	Williams

NAYS—56

Aiken	Humphrey	Mundt
Brewster	Hunt	Murray
Capehart	Ives	Myers
Connally	Johnson, Colo.	Neely
Darby	Johnson, Tex.	O'Mahoney
Donnell	Johnston, S. C.	Robertson
Dworshak	Kefauver	Schoeppel
Ecton	Kerr	Smith, Maine
Ellender	Kilgore	Sparkman
Frear	Langer	Stennis
George	Lodge	Taylor
Graham	Lucas	Thomas, Okla.
Green	McCarthy	Thye
Gurney	McClellan	Tobey
Hayden	McKellar	Watkins
Hendrickson	McMahon	Wiley
Hickenlooper	Magnuson	Withers
Hill	Maybank	Young
Holland	Millikin	

NOT VOTING—25

Anderson	Hoey	O'Conor
Benton	Jenner	Pepper
Bridges	Leahy	Russell
Byrd	Long	Saltonstall
Chapman	McCarran	Taft
Chavez	McFarland	Thomas, Utah
Downey	Malone	Vandenberg
Eastland	Martin	
Gillette	Morse	

The VICE PRESIDENT. Two-thirds of the Senate not having voted in favor thereof the motion to suspend the rule is rejected.

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

Mr. LEHMAN. Mr. President—

The VICE PRESIDENT. For what purpose does the Senator from New York rise?

Mr. LEHMAN. Has the vote on the motion to suspend the rule been announced?

The VICE PRESIDENT. It has.

Mr. LEHMAN. I was not present at the time of the debate on the motion. I should like to change my vote from "yea" to "nay."

The VICE PRESIDENT. Is there objection?

Mr. WHERRY. Mr. President, does such a request require unanimous consent?

The VICE PRESIDENT. It does.

Is there objection to the request of the Senator from New York? The Chair hears none, and the Senator's vote will be changed accordingly.

If there be no further amendment to be proposed, the question is on the en-

grossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 7207) was passed.

Mr. MCKELLAR. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. MCKELLAR, Mr. HAYDEN, Mr. RUSSELL, Mr. BRIDGES, and Mr. GURNEY conferees on the part of the Senate.

AMENDMENT OF THE NATIONAL HOUSING ACT, AS AMENDED

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of Senate bill 2246.

The VICE PRESIDENT. The bill will be stated by title, from the information of the Senate.

The CHIEF CLERK. A bill (S. 2246) to amend the National Housing Act, as amended, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Illinois.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2246) to amend the National Housing Act, as amended, and for other purposes, which had been reported from the Committee on Banking and Currency with amendments.

Mr. MAYBANK. Mr. President, I should like to ask the Senator from Illinois whether it is contemplated that the Senate will take a recess in a few minutes, and will proceed further with the bill tomorrow.

Mr. LUCAS. That is likely.

Mr. TOBEY. Mr. President, on behalf of the Senator from New York [Mr. IVES] and myself, I submit amendments intended to be proposed by us to the substitute amendment proposed by the Committee on Banking and Currency to the bill (S. 2246) to amend the National Housing Act, as amended, and for other purposes, which has just been made the unfinished business of the Senate. I ask unanimous consent that an explanatory statement prepared by us be printed in the RECORD.

The VICE PRESIDENT. The amendments will be received, printed, and lie on the table; and, without objection, the explanatory statement will be printed in the RECORD.

The explanatory statement presented by Mr. TOBEY on behalf of himself and Mr. IVES, is as follows:

MEMORANDA RE SUBSTITUTE TITLE III BY SENATOR TOBEY AND SENATOR IVES

We are today proposing a complete substitute to the Maybank amendment to title III of S. 2246. In so doing we are seeking to accomplish what we believe all of us on the Banking Committee agree upon, namely, a sound constructive approach toward the encouragement of cooperative housing in America.

We wish to state that we disagree with the reasons advanced that the Maybank proposals to amend title III of S. 2246 are the best or only way to accomplish what we all seek to do. In fact, we are convinced beyond a reasonable shadow of doubt that the discriminatory interest rates, the billion dollars of new Government liability, and the creation of a new bureaucracy will in themselves be injurious to the objective of sound cooperative housing. What we need is a sound, moderate, constructive program and not a financial scheme.

Our amendments falls within the over-all pattern of FHA mortgage insurance and is in accord with the views presented this committee by the Federal Reserve Board.

The important points in our proposal are as follows:

1. The amendment which we are offering retains the preamble to the Maybank cooperative-housing amendment, which was suggested by Senator FLANDERS, indicating our firm belief in the cooperative program.

2. We have provided for a certain degree of independence for the new Assistant Federal Housing Commissioner who will direct this program by providing for his appointment by the President, by and with the advice and consent of the Senate, although within the Federal Housing Administration.

3. We have provided for technical aid and assistance to cooperatives and our amendment will make possible the preliminary advance of funds in the sum of \$10,000,000 as contrasted with \$25,000,000 made available for the same purpose in the Maybank amendment.

4. In order further to encourage and expedite the cooperative housing program, our amendment provides that the previous criteria applied by the Federal Housing Administrator, namely, that the principal activity of the mortgagee is lending on or investing in mortgages and the mortgagee has had experience in mortgage investment, need not be controlling, if the Commissioner determines that such mortgagee can adequately service the mortgage.

For example, labor unions or other non-profit organizations, who could not meet the previous criteria and who have funds available, can participate as a mortgagee in this program under the expanded definition.

5. To assist in determining additional appropriate and desirable legislative and other means for encouraging the development of cooperative and similar housing corporations and for facilitating the production of housing by such corporations our amendment authorizes and directs the Commissioner to undertake and conduct full and complete studies including but not limited to:

(1) Studies of methods for promoting the organization of private regional and local cooperative housing associations or similar organizations to build or operate (or to both build and operate) housing accommodations, and (i) to make experience gained in connection with such housing fully available to other such organizations, (ii) to consolidate, wherever feasible and in the interests of greater efficiency and economy, the personnel and facilities used for the development and management of cooperative housing, and (iii) to establish and maintain competent skills and services required to supply to other such organizations the technical advice and assistance required in the planning, financing, development, construction, acquisition, and operation and management of cooperative housing.

(2) Studies of methods for securing, from both existing and untapped sources, the maximum amount of private investment in housing developed by cooperative housing corporations and similar organizations.

(3) Studies of methods for reducing costs and charges to the occupants of cooperative housing through reduced interest rates on private housing loans, reduced original cap-

ital costs, lower maintenance and repair costs, self-help, and other means.

(b) The Commissioner shall report to the Congress within 2 years after the date of enactment of this act the results of his studies with such recommendations for legislation or otherwise as he may deem desirable.

Mr. MAYBANK subsequently said: Mr. President, I desire to request that in the body of the RECORD there be placed a summary of the substitute amendment for Senate bill 2246, so that Senators may have an opportunity to review the various provisions in titles I, II, III, IV, V, and VI. Since the bill was debated last fall, an entirely new bill has been drafted, and there are many changes that I think would interest Senators. I ask that the brief explanation of the various titles be printed in the body of the RECORD at this point.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF SUBSTITUTE AMENDMENT FOR S. 2246

TITLE I

Extends until July 1, 1952, FHA title I, insurance of loans for modernization and repair. Expired March 1, 1952.

Changes the present complicated formula limiting the Government liability on the loans to a single over-all outstanding loan limitation of \$1,250,000,000. This, in effect, increases the total authorization by \$5,000,000.

To encourage construction and sale of very low-cost houses, particularly in suburban and rural areas substitute a new section 8 FHA-type insured loan for old class 3 loan (maximum loan, \$4,500—20 years, 5 months) which were not processed, insured, appraised, or inspected by FHA. New section 8 loans would be 95-percent insured up to appraised value of \$5,000 (\$4,750 mortgage) and maximum mortgage limit of \$5,500 when Commissioner finds cost levels in area require it. The criteria of acceptable risk would be applied rather than economically sound as in the case of most other FHA mortgages. The loans would be purchasable by FNMA up to 100 percent of total lender's portfolio. Total loans outstanding limited to \$100,000,000 unless increased by President to \$250,000,000.

Increase in FHA title II (regular sale and rental-housing program) revolving fund authorization by \$750,000,000 immediately and by one billion additional at the discretion of the President.

Increases the mortgage ceilings on lower priced or "economy" houses from \$6,000 to \$6,650 and permits insurance on 30-year loans up to 95 percent of value. Allows \$950 a room increase in mortgage ceiling for third and fourth bedroom. Thus encourages \$7,000 two-bedroom, with a down payment of \$350; \$8,000 three-bedroom, with a down payment of \$400; and \$9,000 four-bedroom, with a down payment of \$450.

Liberalizes old section 207 for rental housing so as to provide for the continuation of section 608 type program on a sounder basis. Provides a 90-percent loan on first \$7,000 value (not current cost as under 608), and 60 percent on value between \$7,000 and \$10,000. To encourage large size units the maximum ceiling on units averaging less than four and one-half rooms would be \$7,200, as compared with \$8,100 where the average size is four and one-half rooms.

Liberalizes FHA loan insurance for cooperatives by permitting 40-year, 4-percent mortgages up to 100 percent replacement cost of property where 75 percent of the group or more are veterans. The amount of the mortgage would decrease in accordance with

the proportion of veterans in the cooperative to 90 percent where there are no veterans in the cooperative. This type of cooperative would not be limited to the moderate-income group and would permit transfer of individual title.

Section 116 permits FNMA to purchase free from the 50-percent limitation insured mortgages in low-cost sale housing, housing for cooperatives, and rental housing.

TITLE II

Permits disposal of all war and veteran temporary housing to States, local public agencies, educational institutions, and non-profit organizations upon their request without reimbursement except for the cost to the Government of any land involved.

Remaining to be disposed as of September 30, 1949, 62,800 veterans reuse housing and 162,000 temporary war housing.

Provides for sale of 95,000 permanent units, first preference to veterans organized on a mutual ownership or cooperative basis and provides for preference to veteran occupants, nonveteran occupants, etc. Transfers 149 projects containing 43,709 dwellings for use as low-rent public housing.

Transfers farm-labor camps from Department of Agriculture to public-housing agency. (40 camps, 1,500 standard dwellings, and 8,000 other accommodations.)

TITLE III

Sets up National Mortgage Corporation for housing cooperatives in housing and home finance agency which would make loans to housing cooperatives for a period not exceeding 50 years. One hundred million dollars capital stock initially subscribed by Government and retired after capital reaches \$150,000,000 by stock subscription by cooperative members. Issues insured debentures and charges cooperative interest rates which include the cost of interest on debentures plus service costs and one-fourth percent reserve (estimate 3 1/2 percent interest on initial mortgages). Two hundred and fifty million dollars initial authorization plus \$750,000,000 with approval of President. Cooperatives subscribe 10 percent of value of project for capital stock of corporation, 2 1/2 percent payable on application for loan, 2 1/2 percent on occupancy and 5 percent over 20 years. Provides for technical assistance and preliminary loan of \$25,000,000.

TITLE IV

Raises the VA guaranty from 50 percent to 60 percent with a guaranty limit of \$7,500 rather than \$4,000 as it is now. Permits VA to make direct loans (authorizes \$150,000,000) where private capital is not available. Makes special provisions to facilitate farm-home loans. Eliminates costly 505a combination FHA-VA loans. Provides mandatory minimum construction requirements.

TITLE V

Provides a revolving fund of \$300,000,000 for loans (40 years at 2 1/2 percent) to institutions of higher learning to house students and faculties—new construction, alterations, conversions, or improvement of existing structures where necessary for the proposed housing use.

TITLE VI

Permits the President to reduce authorizations, ratios of loans to value, or maximum maturities of loans in light of general economic conditions and conditions in building industry.

Authorizes \$25,000,000 in loans to aid prefabricated-housing erection, site improvement, or other financing. Puts it under HHFA rather than in RFC.

Technical and miscellaneous amendments.

EXECUTIVE SESSION

Mr. LUCAS. I move that the Senate proceed to the consideration of executive business.

81ST CONGRESS
2^D SESSION

H. R. 7207

IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 1950

Ordered to be printed with the amendments of the Senate numbered

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the following sums are appropriated, out of any money
4 in the Treasury not otherwise appropriated, to supply supple-
5 mental appropriations for the fiscal year ending June 30,
6 1950, and for other purposes, namely:

7 (1) *LEGISLATIVE BRANCH*

8 (2) *SENATE*

9 (3) *For payment to Minnie E. Reed, widow of Clyde M.*
10 *Reed, late a Senator from the State of Kansas, \$12,500.*

1 (4)OFFICE OF THE SECRETARY

2 *Effective on the first day of the first month following*
 3 *enactment of this Act, the appropriation for salaries of officers*
 4 *and employees contained in the Legislative Branch Approp-*
 5 *riation Act for the fiscal year 1950 shall be available for*
 6 *the employment of an aide to the Vice President at the basic*
 7 *rate of \$2,400 per annum.*

8 (5)CONTINGENT EXPENSES OF THE SENATE

9 *Miscellaneous items: For an additional amount for*
 10 *miscellaneous items, exclusive of labor, \$200,000.*

11 (6)HOUSE OF REPRESENTATIVES

12 (7)*For payment to Nora Bates, widow of George J.*
 13 *Bates, late a Representative from the State of Massachusetts,*
 14 *\$12,500.*

15 (8)*For payment to Mary Putzel Bland, widow of Schuyler*
 16 *Otis Bland, late a Representative from the State of Virginia,*
 17 *\$12,500.*

18 (9)*For payment to Clara Pronskey, sister of Martin Gorski,*
 19 *late a Representative from the State of Illinois, \$12,500.*

20 INDEPENDENT OFFICES

21 ATOMIC ENERGY COMMISSION

22 The authorization under this head in the Independent
 23 Offices Appropriation Act, 1950, to enter into contracts for
 24 the purposes of the appropriation therein made, is increased
 25 from "\$387,189,628" to "\$466,074,628".

(10) OFFICE OF THE HOUSING EXPEDITER

SALARIES AND EXPENSES

For an additional amount for "Salaries and expenses, Office of the Housing Expediter", \$4,000,000, of which \$2,600,000 shall be available for the payment of terminal leave only.

TENNESSEE VALLEY AUTHORITY

For an additional amount for "Tennessee Valley Authority", \$11,682,500, to remain available until expended; and the limitation under this head in title II of the Independent Offices Appropriation Act, 1950, on the amount available for administrative and general expenses of the Corporation, is increased from "\$3,699,000" to "\$3,845,000".

VETERANS' ADMINISTRATION

READJUSTMENT BENEFITS

For an additional amount for "Readjustment benefits", \$720,000,000, to remain available until expended.

(11) DEPARTMENT OF AGRICULTURE

(12) AGRICULTURAL RESEARCH ADMINISTRATION

BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE

Control of Emergency Outbreaks of Insects and Plant Diseases

For an additional amount for "Control of emergency outbreaks of insects and plant diseases", \$2,200,000, to

1 remain available until September 30, 1950; and the limita-
 2 tion under this head in the Department of Agriculture
 3 Appropriation Act, 1950, on the purchase of airplanes, is
 4 increased from "three" to "six".

5 **(13)CONTROL OF FOREST PESTS**

6 FOREST PEST CONTROL ACT

7 For an additional amount for "Forest Pest Control
 8 Act", \$4,500,000, to remain available until December 31,
 9 1950.

10 **(14)DEPARTMENT OF DEFENSE**

11 DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS

12 CORPS OF ENGINEERS

13 FLOOD CONTROL

14 **(15)FLOOD CONTROL, GENERAL**

15 For an additional amount for "Flood control, general",
 16 \$9,500,000, to remain available until expended.

17 **(16)FLOOD CONTROL, GENERAL (EMERGENCY FUND)**

18 For an additional amount for "Flood control, general
 19 (emergency fund)", as authorized by the Flood Control
 20 Act of 1948 (Public Law 858, approved June 30, 1948),
 21 \$4,000,000, to remain available until expended.

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

WELFARE OF INDIANS

For an additional amount for "Welfare of Indians",
\$803,000.

(17) BUREAU OF RECLAMATION

RECLAMATION FUND

The following sums are appropriated out of the reclamation fund created by the Act of June 17, 1902, as follows:

Construction

For additional amounts for "Construction", to remain available until expended, as follows:

(18) San Luis Valley project, Colorado, \$630,000;

(19) Lewiston Orchards project, Idaho, \$245,600;

(20) GENERAL FUND*Construction*

Advances to Colorado River dam fund, Boulder Canyon project (All-American Canal): For an additional amount of \$750,000, to remain available until expended, for the partial liquidation of contract authority granted under this head in the Interior Department Appropriation Act, 1950.

1 (21)DEPARTMENT OF LABOR

2 BUREAU OF EMPLOYMENT SECURITY

3 RECONVERSION UNEMPLOYMENT BENEFITS FOR SEAMEN

4 *For an additional amount for "Reconversion unemploy-*
5 *ment benefits for seamen", \$168,000.*

6 SEC. 2. No part of any appropriation contained in this
7 Act, or of the funds available for expenditure by any cor-
8 poration included in this Act, shall be used to pay the salary
9 or wages of any person who engages in a strike against the
10 Government of the United States or who is a member of an
11 organization of Government employees that asserts the right
12 to strike against the Government of the United States, or who
13 advocates, or is a member of an organization that advocates,
14 the overthrow of the Government of the United States by
15 force or violence: *Provided*, That for the purposes hereof an
16 affidavit shall be considered prima facie evidence that the per-
17 son making the affidavit has not contrary to the provisions of
18 this section engaged in a strike against the Government of the
19 United States, is not a member of an organization of Govern-
20 ment employees that asserts the right to strike against the
21 Government of the United States, or that such person does
22 not advocate, and is not a member of an organization that
23 advocates, the overthrow of the Government of the United
24 States by force or violence: *Provided further*, That any
25 person who engages in a strike against the Government of

1 the United States or who is a member of an organization
2 of Government employees that asserts the right to strike
3 against the Government of the United States, or who advo-
4 cates, or who is a member of an organization that advocates,
5 the overthrow of the Government of the United States by
6 force or violence and accepts employment the salary or
7 wages for which are paid from any appropriation or fund
8 contained in this Act shall be guilty of a felony and, upon
9 conviction, shall be fined not more than \$1,000 or im-
10 prisoned for not more than one year, or both: *Provided*
11 *further*, That the above penalty clause shall be in addition
12 to, and not in substitution for, any other provisions of
13 existing law.

14 SEC. 3. This Act may be cited as the "Urgent De-
15 ficiency Appropriation Act, 1950".

Passed the House of Representatives February 9, 1950.

Attest: RALPH R. ROBERTS,
Clerk.

Passed the Senate with amendments March 9 (legis-
lative day, March 8), 1950.

Attest: LESLIE L. BIFFLE,
Secretary.

81ST CONGRESS
2d Session

H. R. 7207

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 9, 1950

Ordered to be printed with the amendments of the
Senate numbered

made sure that they would retain control of the production, pricing, and distribution in the industry.

What does all this mean? It means that the steel consumers of the South and the West, instead of trading with a source of supply which is responsive to local needs and attuned to local development, just continue to do business with a concern controlled by industrial and financial leaders in a remote eastern city. Moreover this concern could overnight abandon its new industrial outposts if the management felt that its heavy investments in the present uneconomic location required such retrenchment.

The passage of S. 1008 would perpetuate this situation, and not only permit monopolistic industries to return to the basing-point system but give them additional license to use whatever methods of price discrimination they might choose against small and independent competitors.

How the basing-point system restricts our Northwest industrial growth and the opportunities which would be created by removal of this restriction practice were described to a Senate committee during the Eightieth Congress by Prof. Vernon A. Mund, of the University of Washington, a noted authority on monopoly problems. Professor Mund testified:

Many businessmen in the Pacific Northwest state that the practice of freight absorption, by which distant eastern mills dump into this area by absorbing some freight, has definitely served to retard the development of local industry—such as steel making—because local demand is readily supplied by the eastern mills. Regular and continuous freight absorption by eastern mills, moreover, also serves to discourage new enterprise. A person planning to start a new business, for example, is faced with the very real prospect and fear that large eastern mills will absorb variable amounts of freight on sales in this area and quote prices which are quite unprofitable.

With rising freight rates and with an elimination of regular and sporadic freight absorption, local demand will tend to be supplied by local mills. If local mills are free to make their prices independently, moreover, local prices for the basic commodities will tend to decline as production grows, and new fabricating industries will be attracted to this area. Industrial decentralization will thus be promoted, and our Nation will be made less vulnerable in the event of war.

The aluminum industry, which practices freight absorption on a Nation-wide scale, demonstrates how the Pacific Northwest is thereby deprived of the full benefits in local jobs and pay rolls which could flow from a truly competitive pricing system. Two professors from the University of Washington noted in a recent letter:

The Pacific Northwest is now producing approximately 50 percent of the total aluminum-ingot production in the United States. Yet the fabricating facilities are being located in Eastern States. Under the freight allowed (that is, freight absorption) system, ingot prices are so high locally that they offer no inducement to location near the source of supply. That means jobs for easterners and high prices for westerners for aluminum products.

It was my privilege, some years ago, to lend a hand in the making of public

policy which reopened the great wartime aluminum plants of the Pacific Northwest to new producers and new peacetime production. It was my thought then, and it continues to be my thought, that these basic production plants should serve as the core of a balanced regional industry, with many small fabricating plants utilizing the basic metal to work new wonders in the aluminum industry. The fabricating plants provide the bulk of employment in the industry. Only if these plants are established can we justify the huge power consumption required for the making of raw metal and derive the legitimate benefits of the natural economic advantage we possess in local resources. Competition pricing in aluminum will help provide the necessary incentives for the development of a balanced regional aluminum industry.

The Aluminum Co. of America, which first created this strait-jacket on the tremendous productive potential of the Northwest, curiously enough, is also controlled from Pittsburgh. Its management must have learned from its neighbors in the Steel City that the surest way of preventing the intrusion of price competition from local establishments, is to lace the entire industry tightly into the elegant corset of the basing-point system. It makes for such smooth, uniform lines on the garment of the price structure. But, make no mistake, this corset has rigid stays, and no two-way stretch.

This is the system which the high-power lobbyists for the steel and cement trusts would perpetuate through the enactment of S. 1008. Rejection of S. 1008 would really be tantamount to a point-4 program for our own South and West at no cost to the taxpayer—but at a saving to everyone.

Instead they would have us set back the clock to the days before the Supreme Court's decision in the Cement Institute case in the spring of 1948. And yet, the beneficial results of this decision, and of the industry's shift to f. o. b. pricing are already in evidence.

Since that fateful April day of 1948, construction of 41 separate projects to improve and expand cement capacity have been started. Where are these facilities being built? Not in the old, surplus cement-producing areas. They are going up in the regions which formerly had felt the blight of the basing-point system. In 20 States west of the Mississippi and south of Mason and Dixon's line and in Alaska and Puerto Rico, cement consumers will have new local sources of supply. No longer will they have to pay some ghostly phantom freight from some distant basing point, under this development. They will pay only the price at the nearby mill plus actual carrying charges. This, of course, will continue only if we reject S. 1008.

For the citizens of Alabama, Arizona, Arkansas, California, and through the alphabet down to the State of Washington, these new local sources of cement should prove tangible evidence of the gains to be made when a concentrated industry can no longer exercise its strangle hold through the system of uniform delivered pricing. It should reflect

immediate benefits in lower cement prices in the tremendous State and county highway- and road-construction programs, which, according to a recent report from the Joint Committee on the Economic Report, are required to remedy current deficiencies. It will make a sizable difference in the State and county budgets, whether cement is bought close by on competitive bid, without the imposition of phantom freight, or from a long distance with high freight charges and at uniformly fixed prices.

While the farmers at the crossroads of the Nation have reason to rejoice over this development, the railroads have complained that f. o. b. pricing and the development of local sources of supplies of basic products will rob them of the heavy toll.

A spokesman for the Association of American Railroads told the Capehart committee that if the basing-point system were ended, buyers would have an incentive to purchase from local plants because of the cheaper transportation costs. He added that cross hauling would be considerably restricted, and that decentralization of production would take place.

This is just one of the many illustrations which might be cited which would indicate the possibility of reduced costs and more abundant production in the interest of the whole economy.

We who oppose S. 1008 do not wish to see continued a system of featherbedding for some at the expense of all consumers, especially those in the South and the West.

The SPEAKER. All time has expired.

Mr. CELLER. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

Mr. CARROLL. Mr. Speaker, I offer a privileged motion.

The Clerk read as follows:

Mr. CARROLL moves to recommit the conference report on S. 1008 to the committee of conference.

Mr. CELLER. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. CARROLL) there were—ayes 105, noes 149.

Mr. CARROLL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 175, nays 204, not voting 53, as follows:

[Roll No. 98]

YEAS—175

Abbitt	Bentsen	Camp
Abernethy	Biemiller	Canfield
Addonizio	Blatnik	Cannon
Albert	Boggs, La.	Carlyle
Allen, La.	Bolling	Carnahan
Andersen,	Bolton, Md.	Carroll
H. Carl	Bosone	Christopher
Aspinall	Bramblett	Chudoff
Bailey	Breen	Combs
Barden	Brooks	Cooley
Baring	Brown, Ga.	Cooper
Bates, Ky.	Bryson	Crook
Beckworth	Burke	Crosser
Bennett, Fla.	Burleson	Davis, Ga.

Davis, Tenn.
Deane
Deaton
D'Ewart
Dollinger
Durham
Elliott
Engel, Mich.
Evins
Feighan
Forand
Frazier
Furcolo
Garmatz
Gathings
Golden
Gorski
Granger
Grant
Gregory
Gross
Hagen
Hand
Hare
Hart
Havener
Hays, Ark.
Hays, Ohio
Hébert
Heffernan
Heselt
Holfield
Howell
Huber
Hull
Irving
Jackson, Wash.
Jacobs
Javits
Jones, Ala.
Jones, Mo.
Jones, N. C.
Karst
Karsten
Keating

Kee
Kelly, N. Y.
King
Klein
Kruse
Lane
Lanham
Larcade
Lemke
Lesinski
Lyle
Lynch
McCarthy
McGuire
McKinnon
McMillan, S. C.
Mack, Ill.
Mack, Wash.
Madden
Mansfield
Marcantonio
Marsalis
Marshall
Miller, Calif.
Mills
Mitchell
Morris
Morrison
Moulder
Multer
Murdock
Murphy
Murray, Tenn.
Noland
O'Brien, Mich.
O'Konski
O'Sullivan
Pace
Passman
Patman
Patten
Perkins
Phillips, Tenn.
Poage
Polk

NAYS—204

Allen, Calif.
Allen, Ill.
Anderson, Calif.
Andresen,
August H.
Andrews
Angell
Arends
Auchincloss
Barrett, Pa.
Barrett, Wyo.
Bates, Mass.
Beall
Bennett, Mich.
Bishop
Blackney
Boggs, Del.
Bolton, Ohio
Bonner
Boykin
Brehm
Brown, Ohio
Buchanan
Buckley, Ill.
Burnside
Burton
Byrne, N. Y.
Byrnes, Wis.
Case, N. J.
Case, S. Dak.
Cavalcante
Celler
Chelf
Chesney
Church
Cole, Kans.
Cole, N. Y.
Colmer
Corbett
Cotton
Coudert
Crawford
Cunningham
Curtis
Dague
Davenport
Davies, N. Y.
Davis, Wis.
Delaney
Dondero
Donohue
Doughton
Eaton
Eberhart
Elston
Engle, Calif.

Fallon
Fellows
Fenton
Fernandez
Fisher
Flood
Ford
Fugate
Fulton
Gamble
Gary
Gavin
Gillette
Goodwin
Gordon
Graham
Granahan
Green
Gwinn
Hale
Hall
Edwin Arthur
Hall
Leonard W.
Halleck
Harden
Hardy
Harris
Harvey
Hedrick
Herlong
Herter
Hill
Hinshaw
Hobbs
Hoeven
Hoffman, Mich.
Holmes
Hope
Horan
Jackson, Calif.
James
Jenison
Jennings
Jensen
Jonas
Judd
Kearney
Kearns
Keefe
Kelley, Pa.
Kennedy
Keogh
Kilburn
Kilday
Kirwan

Powell
Preston
Price
Priest
Rains
Rankin
Redden
Rees
Richards
Rodino
Rooney
Sasser
Shelley
Sims
Steed
Stigler
Sullivan
Sutton
Tauriello
Thompson
Thornberry
Tolleson
Trimble
Underwood
Vinson
Wagner
Walsh
Welch
Wheeler
White, Calif.
White, Idaho
Wickersham
Wier
Williams
Willis
Wilson, Okla.
Winstead
Withrow
Wood
Woodhouse
Worley
Yates
Young
Zablocki

Sanborn
Saylor
Scott, Hardie
Scott,
Hugh D., Jr.
Scrivner
Scudder
Seest
Short
Sikes
Simpson, Ill.
Simpson, Pa.
Smith, Kans.
Smith, Wis.

Spence
Stanley
Stefan
Stockman
Taber
Tackett
Talle
Taylor
Teague
Thomas
Towe
Van Zandt
Velde
Vorys

Vursell
Wadsworth
Walter
Welch
Werdel
Whitten
Whittington
Widnall
Wigglesworth
Wilson, Ind.
Wilson, Tex.
Wolcott
Woodruff

NOT VOTING—53

Battle
Buckley, N. Y.
Bulwinkle
Burdick
Chatham
Chipherfield
Clemente
Clevenger
Cox
Dawson
DeGraffenried
Dingell
Dolliver
Douglas
Doyle
Ellsworth
Fogarty
Gilmer
Gore

Gossett
Harrison
Heller
Hoffman, Ill.
Jenkins
Johnson
Kean
Kerr
McGrath
Macy
Magee
Morrow
Michener
Monroney
Norton
O'Hara, Minn.
Pfeiffer,
William L.
Philbin

Poulson
Quinn
Rabaut
Reed, N. Y.
Rivers
Roosevelt
Sabath
Sadowski
Shafer
Sheppard
Smathers
Smith, Ohio
Smith, Va.
Staggers
Whitaker
Wolverton

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Mr. Roosevelt for, with Mr. Gilmer against.
Mr. Battle for, with Mr. Wolverton against.
Mr. Rabaut for, with Mr. Michener against.
Mr. McGrath for, with Mr. Jenkins against.
Mrs. Douglas for, with Mr. Smith of Virginia against.
Mr. Sadowski for, with Mr. Chipherfield against.
Mrs. Norton for, with Mr. William L. Pfeiffer against.
Mr. Doyle for, with Mr. Philbin against.
Mr. Fogarty for, with Mr. Johnson against.
Mr. Buckley of New York for, with Mr. Whitaker against.
Mr. Heller for, with Mr. Ellsworth against.
Mr. Dawson for, with Mr. Kean against.
Mr. Dingell for, with Mr. Dolliver against.
Mr. Kerr for, with Mr. Clemente against.
Mr. Sheppard for, with Mr. Quinn against.
Mr. Monroney for, with Mr. Magee against.

Until further notice:

Mr. Staggers with Mr. Macy.
Mr. Smathers with Mr. Smith of Ohio.
Mr. Rivers with Mr. Clevenger.
Mr. deGraffenried with Mr. Morrow.
Mr. Cox with Mr. O'Hara of Minnesota.
Mr. Chatham with Mr. Shafer.
Mr. Sabath with Mr. Reed of New York.
Mr. Gossett with Mr. Poulson.
Mr. Gore with Mr. Hoffman of Illinois.

Mr. ROONEY changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

Mr. CELLER. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks in the RECORD on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

URGENCY DEFICIENCY BILL, 1950

Mr. CANNON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. CANNON, KERR, THOMAS, KIRWAN, WHITTEN, TABER, WIGGLESWORTH, and STEFAN.

SENATE COMMITTEE ON FOREIGN RELATIONS

Mr. CELLER. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Joint Resolution 161.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, and I am not going to object, may I inquire of the gentleman from New York if this is merely giving the Senate the right to engage counsel from the departments?

Mr. CELLER. Partly that. It also permits the employment of counsel who might be indisposed to take the assignment because of certain restrictions of the United States Code which would preclude them from prosecuting any claims against the Government. We have done this in innumerable cases, particularly with regard to dollar-a-year men.

Mr. MARTIN of Massachusetts. The bill has passed the other body?

Mr. CELLER. Yes.

Mr. MARTIN of Massachusetts. And the other body has requested the concurrence of the House?

Mr. CELLER. That is correct.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That service or employment of any person as an attorney on a temporary basis to assist the Senate Committee on Foreign Relations, or its duly authorized subcommittee, in the investigation ordered by Senate Resolution 231, agreed to February 22, 1950, shall not be considered as service or employment bringing such person within the provisions of sections 281, 283, or 284 of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MAKING APPROPRIATIONS TO SUPPLY URGENT DEFICIENCIES IN CERTAIN APPROPRIATIONS, FISCAL YEAR ENDING JUNE 30, 1950

MARCH 20, 1950.—Ordered to be printed

Mr. CANNON, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 7207]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 15, 17, 18, 19, and 20.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 14, and 21, and agree to the same.

The committee of conference report in disagreement amendments numbered 4, 12, 13, and 16.

CLARENCE CANNON,
JOHN H. KERR,
ALBERT THOMAS,
JAMIE L. WHITTEN,
JOHN TABER,
R. B. WIGGLESWORTH,
KARL STEFAN,

Managers on the Part of the House.

KENNETH MCKELLAR,
CARL HAYDEN,
RICHARD B. RUSSELL,
STYLES BRIDGES,
CHAN GURNEY,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7207) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Amendments Nos. 1, 2, 3, and 5, pertaining to the Senate: Appropriate gratuity to the widow of former Senator Clyde M. Reed and provide an additional amount of \$200,000 for contingent expenses of the Senate, as proposed by the Senate.

Amendment No. 4, pertaining to the Office of the Secretary of the Senate: Reported in disagreement.

Amendments Nos. 6, 7, 8, and 9, pertaining to the House of Representatives: Appropriate gratuities for the widows of deceased Members of the House, as proposed by the Senate.

Amendment No. 10, pertaining to the Office of the Housing Expediter: Appropriates \$4,000,000 for salaries and expenses, as proposed by the Senate.

Amendment No. 11: Inserts center heading.

Amendment No. 12, pertaining to the Agricultural Research Administration, Bureau of Entomology and Plant Quarantine: Reported in disagreement.

Amendment No. 13, pertaining to control of forest pests, Forest Pest Control Act: Reported in disagreement.

Amendment No. 14: Inserts center heading.

Amendment No. 15, pertaining to the Department of the Army, civil functions: Deletes provision of the Senate providing for an appropriation of \$9,500,000 for flood control, general, as proposed by the House.

Amendment No. 16, pertaining to the Department of the Army, civil functions: Reported in disagreement.

Amendments Nos. 17, 18, 19, and 20, pertaining to the Bureau of Reclamation: Delete provisions of the Senate appropriating amounts for the San Luis Valley project, Colorado, the Lewiston Orchards project, Idaho, and the Boulder Canyon project (All-American Canal), as proposed by the House.

Amendment No. 21, pertaining to the Bureau of Employment Security, Department of Labor: Appropriates \$168,000 for reversion unemployment benefits for seamen, as proposed by the Senate.

CLARENCE CANNON,
JOHN H. KERR,
ALBERT THOMAS,
JAMIE L. WHITTEN,
JOHN TABER,
R. B. WIGGLESWORTH,
KARL STEFAN,

Managers on the Part of the House.

Lt. John L. Wirth, United States Navy, deceased; born, April 23, 1917, North Vernon, Ind.; home, Box 316, Route 4, Pensacola, Fla.

Lt. (jg) Charles Edward Young, United States Naval Reserve; born, August 5, 1921, Perry County, Ind.; home, rural route No. 2, Box 209, New Albany, Ind.

Lt. Owen DeWitt Young, United States Naval Reserve; born, May 29, 1920, Fort Wayne, Ind.; home, 20 Westervett, Tenafly, N. J.

DEATH OF L. L. JENNER

Mr. CAPEHART. Mr. President, it is with most profound regret that I announce the death last Friday night of L. L. Jenner, father of the distinguished junior Senator from Indiana.

While his death was not unexpected, yet I know the Members of the Senate would want to know their distinguished colleague with his father at the time of his passing.

Mr. Jenner had a pardonable pride in the accomplishments of his distinguished son, who followed in his political footsteps.

It was my great fortune to have been personally acquainted with Mr. Jenner, who was a life-long resident of the little town of Marengo, Ind., where he was an active participant in the political and civic affairs of his community.

I know my distinguished colleagues will join with me in this expression of sympathy to the junior Senator from Indiana.

ADMISSION OF ALIENS ADMITTING ACTS OF MORAL TURPITUDE—LEGAL ASPECTS

Mr. JOHNSON of Colorado. Mr. President, since there have been conflicting reports in the news with respect to entrance into the United States of aliens admitting acts of moral turpitude, I have asked the Senate legislative counsel to investigate and interpret the law which governs. I ask unanimous consent to have the memorandum printed in the body of the RECORD, at this point in my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

This memorandum is written pursuant to your request for the opinion of this office as to the eligibility of Miss Ingrid Bergman for admission into the United States under the immigration laws.

Section 3 of the Immigration Act of 1917 provides, in material part, as follows:

"Sec. 3. That the following classes of aliens shall be excluded from admission into the United States: * * * persons who have been convicted of or admit having committed a felony or other crime or misdemeanor involving moral turpitude."

While the language of this section is mandatory, certain exceptions to the excluding provisions are set forth in the provisos to this section. Among the exceptions are the following: "Provided further, That aliens returning after a temporary absence to an unrelinquished United States domicile of seven consecutive years may be admitted in the discretion of the Attorney General, and under such conditions as he may prescribe: * * * Provided further, That the Commissioner of Immigration and Naturalization, with the approval of the Attorney General shall issue rules and prescribe condi-

tions, including execution of such bonds as may be necessary, to control and regulate the admission and return of otherwise inadmissible aliens applying for temporary admission."

Section 3 of the Immigration Act of 1917 is applicable equally to aliens who have been admitted to the United States for permanent residence and who are again seeking entry after a temporary visit abroad, to aliens initially seeking admission to the United States for permanent residence, and to aliens seeking to enter the United States temporarily as visitors or for business or pleasure. It will be noted, however, that the two quoted provisos to section 3 permit exceptions from the excluding provisions in the case of aliens of the first- and last-mentioned classes.

The pertinent sections of the Immigration regulations issued to supplement the discretionary authority conferred by the two quoted provisos are as follows:

"Sec. 132.1. Aliens returning to unrelinquished domicile; domicile defined: Aliens returning after a temporary absence to an unrelinquished United States domicile of seven consecutive years may be admitted in the discretion of the Attorney General and under such conditions as he may prescribe. In such case satisfactory proof of domicile in the United States for seven consecutive years, and of departure therefrom with the intention of returning thereto, will be exacted. Every case of exclusion for any cause in which the alien has given such proof, shall be promptly brought by the official in charge to the attention of the Attorney General, through the usual official channels, with a complete report of the reasons for the alien's exclusion and of the proof which has been offered of continuous and unrelinquished domicile, together with a statement of the duration of the absence. Domicile, for the purposes of this section, means that place where a person has his true, fixed, and permanent home, and principal establishment, to which, whenever he is absent, he has the intention of returning."

"Sec. 132.4. Excludable aliens applying at seaports for temporary admission without advance consent; procedure: The cases of all aliens of the excludable classes brought to seaports of the United States who apply for temporary admission, except cases within section 132.3, shall be submitted to the department for special ruling. (Section 132.3 relates to certain cases where advance consent to enter is required. It is not pertinent to this discussion.)"

It will be noted that as concerns both aliens who have been lawfully admitted and are returning from a temporary absence and aliens who are seeking admission for temporary purposes, final authority rests in the Attorney General in the consideration of each case.

If Miss Bergman admits that Rossellini is the natural father of her child, it is the opinion of this office that the above-quoted portion of section 3 of the Immigration Act of 1917 is applicable in her case, and, were she seeking admission to the United States for permanent residence for the first time, such provision would mandatorily bar her entry. Inasmuch as she has been previously admitted to the United States for permanent residence, should she seek admission as an alien returning to an unrelinquished United States domicile of seven consecutive years, she could be admitted at the discretion of the Attorney General. In like manner, should she seek entry temporarily as a visitor or for business or pleasure, it would be within the discretion of the Commissioner of Immigration and Naturalization (ultimately in the discretion of the Attorney General) to admit her notwithstanding that she would

be otherwise excluded under the immigration laws.

Respectfully,

S. E. RICE.

Mr. JOHNSON of Colorado. Mr. President, it would appear from this opinion that if Ingrid Bergman asserts that the son born to her on February 2, 1950, is both the legal and natural son of Peter Lindstrom, she may enter the United States temporarily or for permanent residence without difficulty.

Roberto Rossellini, however, has registered in Italy this child as his natural son; if she agrees that his declaration is correct, then she has admitted moral turpitude per se and may be permitted to enter the United States for a temporary visit to transact personal business only if the Attorney General of the United States permits her to do so. The discretion to admit her or deny her admittance is given in the law to the Attorney General to exercise.

It now appears that she may be a plaintiff in one case and a defendant in another in a California court. Certainly she is entitled to her day in court and, of course, should be admitted for that purpose even though guilty of moral turpitude.

If she returns here in all likelihood she will receive a reception greater than that accorded Charles Lindbergh, General Eisenhower, or the King and Queen of England. Americans might trample one another for a close view of her, for she is a notorious attraction. The youth of the country will have cause to think that America approves her conduct. Such an interpretation would be most unfortunate, since it would not be true, but it would be far worse if we should bar her entrance for a temporary visit and thereby deny to her her day in court.

URGENT DEFICIENCY BILL, 1950— CONFERENCE REPORT

Mr. McKELLAR. Mr. President, from the Committee on Appropriations, I desire to submit the conference report on the urgent deficiency bill, and to ask unanimous consent for its immediate consideration.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. DONNELL. Reserving the right to object; I may say to the distinguished Senator, I personally have no objection to the request, but I think, on a matter of such importance, we should have a quorum call. If the Senator will be kind enough to yield to me for the purpose, I should like to suggest the absence of a quorum.

Mr. McKELLAR. We had a quorum only a few minutes ago. I doubt whether we could get a quorum at this time.

Mr. DONNELL. I may say for the information of the Senator, the recent order for a quorum call was rescinded, and proceedings under it were suspended, by unanimous consent.

Mr. McKELLAR. I shall then let the matter go over until tomorrow, and I will move consideration of the report as soon as the Senate reconvenes.

CONSTRUCTION AND REPAIR OF CERTAIN
PUBLIC WORKS—COLUMBIA RIVER
BASIN—REPORT OF A COMMITTEE

Mr. DOUGLAS obtained the floor.

Mr. O'MAHONEY. Mr. President, will the Senator from Illinois yield to permit me to present an irrelevant matter?

Mr. DOUGLAS. There is nothing irrelevant, Mr. President, when the Senator from Wyoming proposes it. I am glad to yield to him.

Mr. O'MAHONEY. Mr. President, House bill 5472 authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes, was reported from the Public Works Committee on October 7, 1949. In the closing days of the last session, a proposed amendment to that bill, authorizing certain reclamation projects in the Columbia Basin, in the northwestern part of the United States, was referred to the Committee on Interior and Insular Affairs for consideration.

Several days ago, by direction of the committee, I submitted a committee amendment. I now ask unanimous consent to submit a report (No. 1351) from the Committee on Interior and Insular Affairs, dealing with that amendment coming from the Interior and Insular Affairs Committee, and proposed by it to the current rivers and harbors bill. The report will be a supplemental report from the Committee on Interior and Insular Affairs with respect to House bill 5472.

The PRESIDING OFFICER. Without objection, the report will be received and printed.

Has the amendment been submitted?

Mr. O'MAHONEY. Yes; it has.

The PRESIDING OFFICER. Has it been printed?

Mr. O'MAHONEY. Yes.

Mr. President, I thank the Senator from Illinois for his consideration.

REGULATION OF NATURAL GAS

The Senate resumed the consideration of the bill (S. 1498) to amend the Natural Gas Act, approved June 21, 1938, as amended.

Mr. DOUGLAS. Mr. President, am I correct in my understanding that the acting majority leader has asked unanimous consent that I may begin my remarks today, but with the understanding that the Senate will recess at 5:30, to reconvene at 12 o'clock tomorrow, and that my rights to the floor will be undisturbed?

Mr. McFARLAND. Mr. President, I have not made the unanimous-consent request, but I will make the request.

Mr. McKELLAR. May I ask the Senator to include in the request a reservation of my right to submit the conference report on the urgent deficiency bill? It is a matter of the greatest importance, one which will not take more than a few moments, I am constrained to believe.

Mr. DOUGLAS. Does the Senator from Tennessee wish to submit it tonight, or tomorrow?

Mr. McKELLAR. I will take it up tomorrow, just before the Senator resumes.

Mr. DOUGLAS. I shall be very happy to yield for that purpose, but I should

first like to find out whether there is an understanding that the Senate will recess tonight at 5:30, and that, if I am then speaking, as I expect to be, my right to the floor will be undisturbed when the Senate reconvenes tomorrow.

Mr. McFARLAND. It was my intention to move to recess at 5:30. I ask unanimous consent that the Senator from Illinois be allowed to resume when the Senate reconvenes tomorrow, and that he be given the right to the floor immediately following the submission of the conference report, without having two speeches counted against him.

Mr. DOUGLAS. I thank the Senator very much.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The Senator from Illinois may proceed.

Mr. DOUGLAS. Mr. President, this has been an extraordinary debate. Aside from the opening statement by the chairman of the committee, the senior Senator from Colorado [Mr. JOHNSON], there has been no direct statement of the case on behalf of the proponents. The proponents have sat back and have allowed the opponents to make speeches. They have interjected with questions, but have not put forward a positive and constructive series of arguments of their own. So, Mr. President, I have been somewhat at a loss as to how to proceed this evening. I had thought I would begin by stating my reasons for being opposed to the bill, but upon reflection, it seemed to me hardly fair. It seemed to me that since the proponents of the legislation have not advanced the arguments that they intend—I hope—to bring forward in supporting of the bill, that, someone should do it for them; that if they do not bring forward the arguments themselves, then it is the duty of someone else to bring those arguments forward, in order that we may see what merit there is in them. So, Mr. President, I am offering myself up as a votive sacrifice on the altar of fair play, in this late afternoon, to bring forward the arguments that I think the proponents of the pending measure would advance, were they not too timid to advance them.

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order. The Senator may proceed.

Mr. DOUGLAS. Mr. President, as I was saying, it is only fair that the proponents should have their arguments stated, and since they seem to be unwilling to state the arguments themselves, I think it an act of Christian charity on my part to bring forward the arguments and to state them as strongly as I can; and then, in addition, I shall indicate the reasons why the arguments are almost utterly fallacious.

Mr. President, it is very difficult to tell what the present form of S. 1498 is, because we had an original bill; then, as the Senator from Texas pointed out, the bill was changed, and another bill was reported out of committee; and we now have lying on the table an amendment in the nature of a substitute intended to be proposed by the junior Senator from Oklahoma and his colleague. So we have a three-way combination, from

which it is difficult to tell precisely what is before us. But, whatever the title, the substance of all the forms, as the Senator from Maine pointed out this afternoon, is the same—to exempt nontransporting producers and gatherers who sell gas to the interstate pipe lines from regulation by the Federal Power Commission.

PRIOR ORDERS OF FEDERAL POWER COMMISSION

The first argument that I think would be advanced by the very able Senator from Oklahoma and the able Senator from Texas and the other able Senators favoring the bill would be that the proposals are essentially designed, so they would say, to continue by law the prior policy of the Federal Power Commission not to regulate sales of gas by nontransporting producers to interstate pipe lines. And they will say that it would remove widespread confusion and uncertainty. What is there to this argument which we have heard upon occasion during the last 3 days of debate?

It seems to me that there is no possible excuse for Congress to perpetuate by law a mistaken policy of the Commission which was later rectified. This is particularly true after Congress has before it all the facts, as I intend to outline them, of a rapidly changing situation which clearly shows the increasing need for regulation of the nontransporting producers for the protection of consumers.

The junior Senator from Texas [Mr. JOHNSON] urges that we leave unmolested the authority which the Commission has utilized through the past 11 years—CONGRESSIONAL RECORD, March 14, 1950, page 3315. This is a plea that Congress be governed by a 1947 judgment of the Commission which even two members of the Commission in 1948 recognized as not fitting the current situation, and as to which, in 1949, as the able Senator from Maine [Mr. BREWSTER] pointed out this afternoon, the Commission had directly reversed itself when it went on record as opposed to the substance of the present bill.

In my judgment, Mr. President, the Senate should rather leave unmolested the authority of the Commission over all sales of gas in interstate commerce for resale, which was expressly granted by Congress in 1938 by sections 1 (b) and 2 (6) of the Natural Gas Act, which was validated by the decisions of the Supreme Court, and which the facts of life in the gas industry clearly show is essential today. I believe the actions of Congress itself in 1938, as interpreted by the Supreme Court, are entitled to greater weight than old, and later reversed, opinions of the Federal Power Commission.

There is no rule of law, in any event, that nonexercise of a power clearly given by Congress constitutes a surrender or destruction of it. As I pointed out this afternoon in the colloquy with the able Senator from Iowa [Mr. GILLETTE], moreover, the Commission is now affirmatively proceeding in the Phillips case to assert jurisdiction. And if Senate bill 1498, or a similar bill, is passed, the consumers will pay price increases which will go into effect by virtue of the

The question is, Will the House suspend the rules and pass the bill?

The question was taken; and on a division (demanded by Mr. KARSTEN) there were—ayes 110, noes 145.

Mr. KEATING. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present. The roll call is automatic. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 245, nays 101, not voting 86, as follows:

[Roll No. 106]

YEAS—245

Abernethy	Gross	O'Brien, Ill.
Albert	Hagen	O'Brien, Mich.
Allen, Calif.	Hall	O'Hara, Ill.
Allen, La.	Edwin Arthur	O'Konski
Anderson, Calif.	Harden	O'Neill
Andrews	Hare	O'Sullivan
Angell	Harris	O'Toole
Aspinall	Harvey	Pace
Auchincloss	Havener	Patman
Bailey	Hedrick	Patten
Barrett, Wyo.	Heller	Patterson
Bates, Ky.	Herlong	Perkins
Bates, Mass.	Herter	Pfeifer
Battle	Hill	Joseph L.
Beckworth	Hinshaw	Philbin
Bentsen	Hoeven	Phillips, Calif.
Biemiller	Holmes	Phillips, Tenn.
Bishop	Hope	Pickett
Blackney	Hull	Plumley
Blatnik	Jackson, Calif.	Poage
Boggs, La.	Jackson, Wash.	Potter
Bolling	Jacobs	Poulson
Bosone	Javits	Preston
Bramblett	Jenison	Price
Brooks	Jenkins	Priest
Brown, Ga.	Jennings	Rabaut
Buchanan	Jones, Ala.	Rains
Buckley, Ill.	Jones, Mo.	Ramsay
Burleson	Jones, N. C.	Rankin
Burnside	Judd	Rees
Burton	Kearns	Regan
Byrne, N. Y.	Kee	Rhodes
Camp	Keefe	Richards
Carnahan	Kelley, Pa.	Rogers, Fla.
Case, S. Dak.	Kerr	Rogers, Mass.
Celler	Kilday	Rooney
Chelf	King	Roosevelt
Chesney	Klein	Sanborn
Christopher	Kruse	Sasser
Cole, Kans.	Lanham	Saylor
Colmer	Larcade	Scrivner
Combs	LeCompte	Scudder
Cooley	Lemke	Shelley
Cooper	Lesinski	Short
Cotton	Lind	Slkes
Cox	Lovre	Sims
Crawford	Lucas	Smith, Kans.
Crook	Lyle	Smith, Wis.
Cunningham	Lynch	Spence
Davis, Ga.	McCarthy	Staggers
Davis, Tenn.	McDonough	Steed
Davis, Wis.	McGrath	Stefan
Deane	McMillan, S. C.	Stigler
Denton	McMillen, Ill.	Stockman
D'Ewart	McSweeney	Sullivan
Dingell	Mack, Wash.	Sutton
Dollinger	Madden	Tackett
Dolliver	Magee	Talle
Dondero	Mahon	Teague
Donohue	Mansfield	Thompson
Ellsworth	Marcantonio	Thornberry
Engel, Mich.	Marsalis	Tollefson
Engle, Calif.	Marshall	Trimble
Fallon	Marrow	Underwood
Fellows	Meyer	Van Zandt
Fernandez	Michener	Vinson
Flood	Miles	Walter
Fogarty	Miller, Calif.	Welch
Forand	Miller, Nbr.	Werdel
Ford	Mills	Wheeler
Furcolo	Mitchell	Whitaker
Garmatz	Morris	White, Calif.
Golden	Moulder	White, Idaho
Gordon	Murdock	Whitten
Gore	Murray, Tenn.	Whittington
Gossett	Murray, Wis.	Wickersham
Grant	Nixon	Wier
Green	Noland	Williams
Gregory	Norblad	Willis

Wilson, Ind.
Wilson, Okla.
Wilson, Tex.
Winstead

Withrow
Wolcott
Wood
Worley

Yates
Zablocki

NAYS—101

Abbitt	Gary	Martin, Iowa
Addonizio	Gavin	Martin, Mass.
Allen, Ill.	Gillette	Mason
Andersen,	Goodwin	Multer
H. Carl	Gorski	Nelson
Andresen,	Graham	Nicholson
August H.	Hale	Norrell
Arends	Hardy	Passman
Beall	Harrison	Polk
Bennett, Mich.	Hart	Quinn
Bolton, Md.	Hays, Ark.	Redden
Bolton, Ohio	Hays, Ohio	Reed, Ill.
Bonner	Hébert	Ribicoff
Breen	Heseltun	Rich
Brehm	Hobbs	Riehlman
Burke	Hoffman, Mich.	Rodino
Byrnes, Wis.	Hollfield	St. George
Canfield	Huber	Secrest
Cannon	James	Smith, Va.
Carlyle	Jensen	Taber
Case, N. J.	Karsten	Tauriello
Church	Kean	Thomas
Clevenger	Kearney	Velde
Coudert	Keating	Vorys
Crosser	Kennedy	Vursell
Dague	Kilburn	Wadsworth
Davies, N. Y.	Kirwan	Wagner
Doughton	Latham	Weichel
Durham	LeFevre	Widnall
Eaton	Lodge	Wigglesworth
Elston	McConnell	Woodhouse
Feighan	McCulloch	Woodruff
Fenton	McGregor	Young
Fugate	McGuire	
Gamble	McKinnon	

NOT VOTING—86

Barden	Frazier	Morgan
Baring	Fulton	Morrison
Barrett, Pa.	Gathings	Morton
Bennett, Fla.	Gilmer	Murphy
Boggs, Del.	Granahan	Norton
Boykin	Granger	O'Hara, Minn.
Brown, Ohio	Gwinn	Peterson
Bryson	Hall	Pfeiffer
Buckley, N. Y.	Leonard W.	William L.
Bulwinkle	Halleck	Powell
Burdick	Hand	Reed, N. Y.
Carroll	Heffernan	Rivers
Cavalcante	Hoffman, Ill.	Sabath
Chatham	Horan	Sadlak
Chipherfield	Howell	Sadowski
Chudoff	Irving	Scott, Hardie
Clemente	Johnson	Scott
Cole, N. Y.	Jonas	Hugh D., Jr.
Corbett	Karst	Shafer
Curtis	Kelly, N. Y.	Sheppard
Davenport	Keogh	Simpson, Ill.
Dawson	Kunkel	Simpson, Pa.
DeGraffenried	Lane	Smathers
Defaney	Lichtenwalter	Smith, Ohio
Douglas	Linehan	Stanley
Doyle	McCormack	Taylor
Eberharter	Mack, Ill.	Towe
Elliott	Macy	Walsh
Evins	Miller, Md.	Wolverton
Fisher	Monroney	

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Until further notice:

Mr. Irving with Mr. Boggs of Delaware.
Mr. Gilmer with Mr. Wolverton.
Mrs. Kelly of New York with Mr. Towe.
Mr. Baring with Mr. Corbett.
Mr. Keogh with Mr. Macy.
Mr. Heffernan with Mr. Hand.
Mrs. Douglas with Mr. Halleck.
Mr. McCormack with Mr. Brown of Ohio.
Mr. Doyle with Mr. Kunkel.
Mr. Carroll with Mr. Miller of Maryland.
Mr. Sadowski with Mr. William L. Pfeiffer.
Mr. Monroney with Mr. Hardie Scott.
Mr. Morrison with Mr. Simpson of Pennsylvania.
Mr. Sheppard with Mr. Horan.
Mr. Smathers with Mr. Hoffman of Illinois.
Mrs. Norton with Mr. Leonard W. Hall.
Mr. Lane with Mr. Lichtenwalter.
Mr. Clemente with Mr. Reed of New York.
Mr. Chudoff with Mr. Sadlak.
Mr. Linehan with Mr. Hugh D. Scott, Jr.

Mr. Stanley with Mr. Taylor.
Mr. Murphy with Mr. Jonas.
Mr. Evins with Mr. Cole of New York.
Mr. Eberharter with Mr. Chipherfield.
Mr. Karst with Mr. Gwinn.
Mr. Peterson with Mr. Johnson.
Mr. Barrett of Pennsylvania with Mr. Smith of Ohio.

Mr. Granahan with Mr. O'Hara of Minnesota.

Mr. Bennett of Florida with Mr. Mason.

Mr. Frazier with Mr. Curtis.

Mr. Delaney with Mr. Morton.

Mr. CROSSER, Mr. VORYS, Mr. BREHM, Mr. BENNETT of Michigan, and Mr. WIDNALL changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

GENERAL LEAVE TO EXTEND

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

EXTENSION OF REMARKS

Mr. ANDERSON of California asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. FEIGHAN asked and was given permission to extend his remarks in the RECORD and include a speech made by him over television station WXEL, Cleveland, Ohio, from 9:30 to 9:45 p. m., on March 17.

URGENT DEFICIENCY APPROPRIATIONS, 1950

Mr. CANNON submitted the following conference report and statement on the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 1794)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7207) "making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 15, 17, 18, 19 and 20.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 14 and 21, and agree to the same.

The committee of conference report in disagreement amendments numbered 4, 12, 13 and 16.

CLARENCE CANNON,

JOHN H. KERR,

ALBERT THOMAS,

JAMIE L. WHITTEN,

JOHN TABER,

R. B. WIGGLESWORTH,

KARL STEFAN,

Managers on the Part of the House.

KENNETH MCKELLAR,

CARL HAYDEN,

RICHARD B. RUSSELL,

STYLES BRIDGES,

CHAN GURNEY,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7207) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Amendments Nos. 1, 2, 3, and 5 pertaining to the Senate: Appropriate gratuity to the widow of former Senator Clyde M. Reed and provide an additional amount of \$200,000 for contingent expenses of the Senate, as proposed by the Senate.

Amendment No. 4, pertaining to the Office of the Secretary of the Senate: Reported in disagreement.

Amendments Nos. 6, 7, 8, and 9, pertaining to the House of Representatives: Appropriate gratuities for the widows of deceased Members of the House, as proposed by the Senate.

Amendment No. 10, pertaining to the Office of the Housing Expediter: Appropriates \$4,000,000 for salaries and expenses, as proposed by the Senate.

Amendment No. 11: Inserts center heading.

Amendment No. 12, pertaining to the Agricultural Research Administration, Bureau of Entomology and Plant Quarantine: Reported in disagreement.

Amendment No. 13, pertaining to control of forest pests, Forest Pest Control Act: Reported in disagreement.

Amendment No. 14: Inserts center heading.

Amendment No. 15, pertaining to the Department of the Army, civil functions: Deletes provision of the Senate providing for an appropriation of \$9,500,000 for flood control, general, as proposed by the House.

Amendment No. 16, pertaining to the Department of the Army, civil functions: Reported in disagreement.

Amendments Nos. 17, 18, 19, and 20, pertaining to the Bureau of Reclamation: Delete provisions of the Senate appropriating amounts for the San Luis Valley project, Colorado, the Lewiston Orchards project, Idaho, and the Boulder Canyon project (All-American Canal), as proposed by the House.

Amendment No. 21, pertaining to the Bureau of Employment Security, Department of Labor: Appropriates \$168,000 for Reconversion Unemployment Benefits for Seamen, as proposed by the Senate.

CLARENCE CANNON,
JOHN H. KERR,
ALBERT THOMAS,
JAMIE L. WHITTEN,
JOHN TABER,
R. B. WIGGLESWORTH,
KARL STEFAN,

Managers on the Part of the House.

Mr. CANNON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the statement.

The SPEAKER. The gentleman from Missouri is recognized.

Mr. CANNON. Mr. Speaker, this is the urgent deficiency bill which passed the House on February 9. As the bill went to the Senate it contained only three provisions: One to take care of urgent deficiencies in certain veterans' funds, a second to take care of an acute situation on certain Indian reservations; and a third to finance certain activities of the Atomic Energy Commission requiring immediate attention.

The bill came back from the Senate with several items added. In conference the items which did not require immediate attention or could not be classified as urgent deficiencies were eliminated by the conferees.

As passed by the House the bill totaled \$732,485,500. The Senate added \$26,243,600, increasing the appropriations proposed by the bill to \$758,729,100. After conference with the managers on the part of the other House we submit a bill carrying an appropriation of \$739,650,500, an increase of approximately \$7,158,000 above the sums proposed by the House.

In this form the bill is calculated to make satisfactory provision for the urgent needs of the agencies involved.

Mr. Speaker, at this time I yield to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, the increases that are carried in this bill as it comes from the committee of conference are not large; at the same time, I believe that for the activities it was at all proper to carry funds they are ample. In the matter of the rent-control item, out of the \$4,600,000, \$2,600,000 is for terminal leave, and \$1,400,000 for additional funds. They do not need this amount, but there seemed to be no way of stopping it. They are reimposing rent controls in places where they should not be reimposed, and doing it only to use up their money.

Mr. WHITE of Idaho. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. Does the gentleman think it was good economy to take out of the bill all the money for bark weevil control, all money which would have gone to protect the valuable Government-owned white pine stand in Idaho and the Northwest?

Mr. TABER. There was an item carried in the bill, inserted on the floor, of approximately \$4,500,000.

Mr. WHITE of Idaho. And all of that went to Oregon and Washington for Douglas fir, not a dollar for the protection of Idaho white pine.

Mr. TABER. Three million two hundred thousand dollars had been provided in the regular bill, and they had a very substantial amount left. The irregularities of the Bureau of Insect and Plant Control have been such that they did not come before any committee with clean hands.

Mr. WHITE of Idaho. We have in north Idaho, \$22,000,000 worth of Government-owned white pine, the most val-

uable species of timber in the national forest and the budget appropriation for the protection of this timber from the ravages of the bark weevil has been stricken from the bill while the appropriation for the control of the bud worm mostly affecting privately owned Douglas fir is left in the bill.

Mr. TABER. If they would go ahead and do the job they are asked to do to get rid of and control the big items, such as the spruce bud worm, they would have plenty of funds.

Mr. WHITE of Idaho. Let me say to the gentleman that the spruce budworm affects fir in Oregon where most of the lumber is privately owned. It is not much of a menace to Oregon fir, but the Government is suffering a tremendous loss in its most valuable stand of white pine timber with the pine beetle. This pest is affecting a valuable stand of white pine in the State of Idaho and western Montana.

Mr. SANBORN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Idaho.

Mr. SANBORN. In connection with this pine beetle sum, in north Idaho there is a stand of Government timber worth some \$22,000,000 that is threatened with this beetle. There was set up in this budget an item of \$250,000 to do the job of fighting this beetle. The way this has been cut down it leaves nothing for that work. Unless the work can be of sufficient magnitude to do a thorough job, there is no use spending any money on it. So this \$880,000 that has been set up for the Douglas and white fir in Oregon and Washington leaves nothing to protect the \$22,000,000 worth of white pine in northern Idaho, and also an item of \$270,000 for the mountain pine beetle in southeastern Idaho and in western Wyoming, around Yellowstone Park. It seems to me that this is a penny-wise-pound-foolish attitude so far as these items are concerned for the simple reason that we are going to lose millions of dollars worth of fine timber just because we will not spend a few thousand dollars at this time to take care of the situation.

Mr. TABER. The Senators who had charge of this did not present us with any case that might add anything except for the budworm. If the Bureau of Entomology and Plant Quarantine would go at this thing right and if the Bureau of Forestry would go ahead properly they would have plenty of money with what has been heretofore provided to cover the job. They have told us a terrific story, but they have been using up their money keeping folks on the roll doing nothing in the cities instead of going out in the field and keeping it available for things they really ought to do. It is almost impossible to get that Bureau to do anything that is intelligent.

Mr. HOLMES. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Washington.

Mr. HOLMES. With reference to the problem of the spruce budworm, will the gentleman be kind enough to tell me the amount retained in the conference report?

Mr. TABER. The amount retained in the conference report is \$750,000. On the other hand, they have \$3,200,000 for the whole year. They have a very large balance remaining from that, so that altogether with this item they will have about \$2,000,000 to operate on.

Mr. BARRETT of Wyoming. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Wyoming.

Mr. BARRETT of Wyoming. As I understand the gentleman, then, \$750,000 was allowed for the spruce budworm and nothing for the mountain pine beetle that is attacking the lodgepole pine in Yellowstone National Park and the Jackson Hole area, including the Grand Teton National Forest.

Mr. TABER. I did not say that. I think they would have plenty of money to provide \$250,000 for that beetle if they found they can do it effectively. They have enough money to operate on if we give them this.

Mr. BARRETT of Wyoming. Did I understand the gentleman to say that the money allowed in this conference report or some part of it may be used for the control of the mountain pine beetle that is attacking the lodgepole pine in Wyoming and also for the spruce bark beetle that is destroying spruce in Colorado?

Mr. TABER. I would think they could do it.

Mr. BARRETT of Wyoming. Mr. Speaker, parks and forests in the Yellowstone area are threatened with a mass epidemic of the mountain pine beetle and consequential loss of the thousands of lodgepole pine trees. During the period of 5 years in which this epidemic has prevailed, control methods have been effective and with a full coverage of all infested areas this year, a 75 percent reduction in new attacks can be expected.

The Yellowstone and Grand Teton National Parks are two of Wyoming's greatest attractions. Unless funds for the campaign against mountain pine beetles are made available at an early date, tremendous losses will be suffered in this great playground area. The total cost of control will be \$418,000, of which \$148,000 is presently available and there is great need for \$270,000 to do this control job.

I wish to call your attention to the spruce bark beetle, which presently threatens all the mature spruce timber in Colorado, southern Wyoming, and northern New Mexico. Hordes of these beetles now destroying thousands of acres of timber in northern Colorado are moving northward toward the Wyoming line. The Medicine Bow Forest in Wyoming may be stripped entirely of its beautiful timber unless the necessary appropriations are allowed to launch a real fight against the spruce bark beetle. Included in the Medicine Bow Forest in Wyoming is the Snowy Range, one of southern Wyoming's most scenic spots, which annually attracts thousands of tourists to the State. A successful method of killing this beetle has been perfected by the entomologists of the Department of Agriculture. With adequate appropriations available at the earliest possible

date, the large-scale campaign against the spruce bark beetle can be undertaken with the utmost effect.

I am sorry indeed that no appropriations have been made available in this urgent deficiency bill for the continuance of the program against the spruce bark beetle or the mountain pine beetle. If the program is to be carried on expeditiously, the additional funds must be provided for this fiscal year and I trust the committee will give consideration to this item in the next deficiency bill.

If the gentleman from New York will yield further, I would like to discuss the grasshopper situation.

I am sorry that the conference committee saw fit to recommend that the item of \$2,200,000 for grasshopper control, as agreed by the other body, be reduced to \$1,000,000. I call your attention, Mr. Speaker, to the fact that grasshoppers have been steadily increasing in numbers in the Western States, and the infestation has become of epidemic proportions in at least 14 States. The current outbreak involves both range and crop lands, and is extremely critical in parts of Wyoming, Montana, North Dakota, South Dakota, Nebraska, and other Western States. More than 5,500,000 acres are known to be severely infested at the present time. The history of the grasshoppers shows that the most widespread and destructive outbreaks have their origin in this general area. Unless these infestations are suppressed early this year, many more States may well be involved in infestations later on. The Bureau of Entomology and Plant Quarantine has indicated that grasshoppers will be a major problem in 1950, and certainly the control of grasshoppers at their source is a sound way to fight the infestation. I am indeed sorry that the conference committee saw fit to reduce this item from \$2,200,000 to \$1,000,000. It has been proposed to carry on this program in cooperation with several States. The Legislature of the State of Wyoming, in special session last month, appropriated \$750,000 to match Federal funds of a like amount to fight the infestation of grasshoppers in our State. I sincerely hope that the committee will see fit to include an additional appropriation for this item in the next deficiency bill, as I am convinced that \$1,000,000 will be wholly inadequate to get this program under way before the grasshoppers start hatching in May or June.

Certainly we cannot carry on a program of the magnitude necessary with one State putting up \$750,000, when a half dozen States are involved, and the Federal Government allowing only \$1,000,000 to cooperate in the fight on grasshoppers.

Mr. TABER. I would think the grasshoppers could be taken care of if the Department would use its head and not waste its money, with the money we have given it and the balance which it has left over. They had over \$3,000,000 in the original appropriation. The gentleman from Missouri is more familiar with it than I, because he has been in on the hearings on the agricultural bill.

Mr. BARRETT of Wyoming. I understand that there is only a \$150,000 carry-

over in that fund that could be used for that purpose.

Mr. TABER. Well, there must be more than that, because, if I remember right, their balance was \$1,200,000. They have wasted enormous sums of money buying automobiles and all kinds of foolishness, and doing a lot of other things that it was not necessary to take up.

Mr. HILL. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Colorado.

Mr. HILL. I would like to ask this question: As to the Engelmann spruce in Colorado, you will find we had a request for \$2,885,000. As I understand, you took that sum out. Now, will there be money in the general appropriation bill to carry on this work?

Mr. TABER. Why, there will be an item in there for this organization, but I cannot give offhand what it will be.

Mr. HILL. Another question. I would like to associate myself with the gentleman from Wyoming on this grasshopper fund. While the grasshoppers may originate in Wyoming, they are going to spend a good part of their natural life in Colorado and Nebraska and as far east as the Missouri-Mississippi Valley, and if we do not catch those grasshoppers in their larva stage at the beginning, no one can estimate the damage those grasshoppers are going to cause. Certainly we ought to spend our money at the point where it will do the most good, which is in the beginning of the grasshopper crop.

Mr. TABER. I think that is correct, and I think they should go after them, instead of fooling away their money on other things that are not necessary.

Mr. SANBORN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. SANBORN. Does the gentleman not think that it would be money well spent to take care of this timber that is being attacked by the pine beetle now, rather than wait until after the timber is ruined?

Mr. TABER. Well, it would be if you could get that bureau over there in the Agriculture Department to do its duty. But when they go to work and waste their money on things that are no good, and do not get anywhere, and you cannot control them, that presents a very difficult picture.

Mr. SANBORN. There is just one time when these beetles can be taken care of, and that is in the spring of the year, and unless the money is put into this urgent deficiency bill, it will be too late to take care of the situation this year. In the meantime we will lose many millions of dollars worth of valuable timber.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I was interested in the observation about getting these people in the Bureau to do their job. I am a little afraid that some of the reports of some derelictions in the Bureau of Entomology are in the background of the committee's mind, and, if so, they should not be charged against

the Forest Service. My observation is that the Forest Service has been very expeditious in the handling of its funds for the control of forest pests. The particular item that is involved here does not happen to be in my district, but in prior years I have had occasion to observe the way the Forest Service operated, and I know that they did use their money efficiently and they stopped the infestation with a very high percentage of kill on the first operation.

Mr. TABER. Well, I believe if they will go at things right with the over \$3,000,000 that was given them in the regular bill, and this money, that they can do a very good job in that situation.

Mr. D'EWARD. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Montana.

Mr. D'EWARD. Mr. Speaker, large areas of my congressional district in Montana suffered severe damage from grasshopper infestation last year. The combination of grasshoppers and drought resulted in heavy losses to ranches in Rosebud, Custer, and other southeastern Montana counties, and many hundred thousand acres were involved.

I visited the area in November and December to learn first hand the sentiment of these people concerning the Department of Agriculture's grasshopper control campaign and to try to get some estimate of how serious an infestation might be expected this year.

There was some criticism of instances of apparent waste or extravagance such as were described by the gentleman from Mississippi [Mr. WHITTEN] in earlier hearings on this program. However, the majority of those whom I met were agreed that the Bureau of Entomology and Plant Quarantine had done a good job in helping to prevent even greater losses from the grasshoppers, and they were glad to have had this badly needed assistance from the Bureau.

So many factors enter into the situation, whether included, that it would be very difficult to predict what the grasshopper situation may be this spring. It is entirely possible that we will have another serious infestation. In order to be prepared to meet this menace, if it arises, my constituents and I believe that the Bureau of Entomology should have funds on hand and ready for use when and if the need for Government help becomes apparent. The success of a grasshopper campaign depends in large measure on timing. Some of the waste mentioned in last year's program may have been due to the need for quick action on a large front after lack of preparation permitted the infestation to get out of hand. This year we want to be prepared, and we urge that the \$2,200,000 requested be made available with the understanding that it will not be used unless the need arises.

I should add that the campaign last year in Montana was concentrated on public and private range areas, and that the Custer National Forest was largely bypassed. It would appear that some work must be done on that national forest this year for the protection of the

forest range as well as the neighboring lands.

I also wish to urge your favorable consideration of the \$4,500,000 item requested for control of forest pests. Serious damage is being done to timberland in my State and others. Private owners of timberlands are actively engaged in an effort to control the spruce budworm, bark and pine beetles. The national forests are the responsibility of the Federal Government, and the control programs should be coordinated with the Government bearing its proper share of the burden. Our remaining timber resources are of great value to this country and should be protected with every means at our disposal.

(Mr. D'EWARD asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Iowa.

Mr. HOEVEN. Is there any provision in this bill for the eradication of the corn-borer?

Mr. TABER. No.

Mr. HOEVEN. Do we have current funds available for that work?

Mr. TABER. There were some funds made available in the regular appropriation bill last year.

Mr. HOEVEN. Are any funds provided for that in the current appropriation bill?

Mr. TABER. I understand there are.

Mr. HOEVEN. I am happy to know that, because the corn borer perhaps is going to be a rather critical thing in the Corn Belt this year; in fact, it is worse this year than it was last year.

Mr. ANGELL. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Oregon.

Mr. ANGELL. Mr. Speaker, I am glad we are assured that this emergency appropriation carries adequate funds for the control of the insect pest in the Douglas fir forests of Oregon and Washington. My State of Oregon has the largest stand of commercial timber of any State in the Union. These pests are threatening the immense Douglas fir stands of timber. This appropriation for the control and eradication of this pest infesting Douglas fir is a sound investment. The Federal Government owns most of this timber. However, I desire to discuss another emergency matter of great importance to Oregon.

Mr. Speaker, I am disappointed in the position taken by the ECA in response to my protest against the program of this administration and other Government agencies in failing to provide relief for flour millers in the United States and particularly in the Pacific Northwest.

Agriculture and the milling of wheat and other cereals is a major industry of the Pacific coast States and much of their economy depends upon the success of this industry. It has enjoyed a heavy export business in flour throughout the years which is essential to round out its domestic business. Long-haul freight rates deprive it of much of the market

of the middle and eastern portion of the United States. The ECA of the State Department and the Commodity Credit Corporation with the use of Marshall plan dollars and an apparent disinterestedness in protecting American flour producers in their off-shore trade have permitted Marshall plan countries to use American dollars to undermine the economy of American flour millers.

They have not only deprived these millers of the foreign markets but they have permitted Canada and other countries benefiting through depreciated currencies and the manipulations of the Marshall plan countries to flood the American markets with imported products, underselling American products which are in over supply.

The administration through the Secretary of State, the ECA and the Commodity Credit Corporation has authority under existing laws to protect these American producers but refuses to do so. As a result this industry in the Pacific Northwest is being scuttled and thousands of workers employed in the industry are on the unemployed list. I have made repeated vigorous protests to all of these agencies for relief without avail.

I discussed this whole problem on the floor on March 16. My remarks appear in the CONGRESSIONAL RECORD for that date on page 3548. At that time I stated that the Economic Cooperation Administration had advised me that they would reply further to my letter of February 23. I am now in receipt of that reply dated March 16, 1950, and include it as part of these remarks. An examination of this letter discloses that the flour millers and lumbermen of the Northwest receive no encouragement that effective steps will be taken to protect their interests and to prevent the use of Marshall plan dollars in undermining and destroying the grain, flour mill and lumber industries in the Pacific Northwest. There seems to be greater concern on the part of United States agencies and officials in protecting the economy of the Marshall plan countries overseas than in providing some of the necessary safeguards and protections for American industries and American workers.

The letter I received from the ECA follows:

ECONOMIC COOPERATION

ADMINISTRATION,

Washington, D. C., March 16, 1950.

HON. HOMER D. ANGELL,

House of Representatives,

Washington, D. C.

DEAR MR. ANGELL: This is further in reply to your letter of February 23, 1950, regarding problems of the flour milling and lumber industries of the Pacific Northwest. You noted in your letter that loss of export markets is a primary cause of the problems of the flour milling and lumber industries and that operations of the United States Government, including those of ECA, have contributed to the difficulty.

Flour millers in the Pacific Northwest have lost a substantial part of the export business which they engaged in recent years. Total United States flour exports have dropped markedly, with the percentage of decrease probably being larger in the Pacific Northwest than in other United States areas.

Reasons for the heavy decline in exports from the Pacific Northwest include:

1. The Canadian class II wheat price is substantially lower than the United States market price for wheat. As a consequence, Canadian millers are in a better competitive position than are United States millers with respect to foreign flour markets outside the international wheat agreement. The Canadians, therefore, have been selling more flour and United States millers less flour to such markets as the Philippines than was the case in earlier years. The market in the Philippines has always been of principal importance to United States millers in the Pacific Northwest.

2. ECA-financed shipments of United States wheat and wheat flour to China ceased with the Communist capture of most of that country. The Pacific Northwest supplied much of the wheat flour which previously had been financed for China.

3. In the years immediately following World War II, Japan imported wheat flour from the United States, much of which was procured in the Pacific Northwest. This, however, was an unusual situation caused by the world scarcity of breadgrain. We understand that Japan ceased to procure wheat flour when wheat became freely available.

Each of the three foregoing items is a matter which is not within the control of ECA. Financing by ECA has been involved only in the case of item 2, which pertains to China. There is no prospect in the foreseeable future that we shall finance wheat flour for the mainland of China, since the legislation under which we operate prohibits ECA financial assistance to Communist-held areas. There is a remote possibility that some flour might be financed in the coming months for Formosa, but should this transpire the quantity will be so small that benefits to the Pacific Northwest will be negligible. Korea, the only other country in the Pacific receiving ECA aid, does not require imports of wheat or wheat flour. Hence, in future months ECA financed flour procurement will be confined almost exclusively to European countries. Because of transportation costs, west coast millers have found it difficult to compete in the European market with east coast and Gulf flour. Recently, however, we have noted some interest on the part of European countries in the west coast market.

With respect to item 1, the Philippine Government officially filed its acceptance of the International Wheat Agreement on February 27. The Philippines thereby became eligible for Wheat Agreement prices, and United States millers can now compete equally with Canadian millers for much of that business. It is probable, however, that Canadian millers may still be able to underbid United States millers on hard spring wheat flour.

We note your statement that much of the competition of Pacific Northwest mills comes from dollars supplied through ECA to foreign countries. As you know, because of the British dollar crisis ECA agreed to finance during this fiscal year \$175,000,000 of United Kingdom wheat purchases in Canada. All ECA-financed procurement, however, of wheat and wheat flour for other countries has been limited this year to the United States. Within the agreed \$175,000,000 for the United Kingdom, procurement totaling \$140,000,000 has been authorized to date, \$11,200,000 being for wheat flour. Most of the latter was authorized last September and none has been authorized since November. We expect to authorize the balance of \$35,000,000 for wheat only.

The problem involved in Canadian exports of potatoes to the United States does not fall within the purview of ECA. The Department of Agriculture and the Department of State are more directly concerned, and we believe any information desired should come directly from those Depart-

ments. Reply will be made in a few days to that portion of your letter which pertains to lumber.

Sincerely yours,

WILLIAM FOSTER,
Deputy Administrator.

Mr. Speaker, not only is the export market for the Pacific Northwest lumber being demoralized and in many cases completely destroyed and the export flour-milling industry put on the skids so that the industry is rapidly disintegrating but the Pacific Northwest is also hard hit by the operations of ECA and other Federal agencies with respect to the fishing industry. The fishing industry is a very important one to my State and to the Pacific Northwest and affords employment for a large number of people engaged in that work. During the last 2 years, foreign fishermen sold 50,000,000 pounds of fillets a year in the American market. Prior to the war these importations amounted to less than 10,000,000 pounds per year. As a result of these foreign importations underselling the American-produced product the industry has been hard hit in the Astoria area in my State. It is reported that 15 boats valued at \$300,000 which in the past have fished only for soupfin sharks for oil are forced to quit by reason of the slashing of the prices through foreign importations, soupfin shark livers having dropped in price from \$11.50 per pound to \$3.50 per pound in 1 year. Nets for catching these fish cost from \$6,000 to \$10,000 a piece and often are lost at sea. A heavy investment is maintained in the Pacific Northwest in this great industry. The Astoria community itself estimates that income from the local fishing fleet amounts to \$2,100,000 a year. Dog shark livers which made up 40 to 50 percent of the income, by reason of this foreign competition were reduced in price from 80 cents to 10 cents a pound. Canada, according to these fishermen, supplies 80 percent of the imported fillets prepared by workers receiving 83 cents an hour, equivalent in United States money to 73 cents whereas American workers wage rate at Astoria is \$1.18 per hour. Many of these fishery concerns in my State have been compelled to close down by reason of the State Department, the ECA, the Department of Agriculture and other Federal agencies of this administration letting down the bars to unrestricted foreign importations of these fishery products produced under low-wage conditions. I include an article by Lawrence Barber, marine editor of the *Oregonian*, which appeared in its issue of March 12 in which this deplorable program of the administration with reference to failure to support the fishing industry is discussed in some detail:

COAST FISHERMEN LOSERS DUE TO FOREIGN INFUX OF EUROPEAN FILLETS, OIL—NORTHWEST INDUSTRY DECLARED DOOMED UNLESS CHANGE MADE IN ECA PLANS

(By Lawrence Barber, marine editor, the *Oregonian*)

Imported fish, fillets, and fish oils have cut sharply into the business volume in Astoria, Newport, Coos Bay, Grays Harbor, and Puget Sound, the centers of the Pacific Northwest fisheries industry.

The fishermen of these ports believe they have a legitimate complaint to file with the

Government, because their business and their spendings in their communities are down 60 percent from the good years of the post-war period. Many of their people and boats are standing by without work, and their wives and daughters in the canneries and filleting plants are suffering from unemployment.

"We blame the ECA and the reciprocal trade agreement for our troubles," said A. H. "Jess" Wright, secretary of the Off-Shore Fishing Vessel Owners' Association, Astoria.

FILLET DOORS OPEN TO IMPORTS

"Through these devices the Government has opened the doors for tremendous importations of fillets and fish oils from other parts of the world, where wages and prices are so far below our wages and prices that we can't compete. It means many fishing boats and fishery plants must go out of business or move away, as several have already."

Wright declared the devaluation of the British pound and Argentine peso also had a demoralizing effect because South African and South American fish-oil producers turned their products into the American market, where prices remained higher than those of Britain. This shut out much of the domestic production, he said.

OTHER FIELDS SUFFERING INROADS

Thomas F. Sandoz, president of the Columbia River Packers' Association, likened the fishery situation to that of the American watch and lumber industries, both of which are suffering from heavy importations of competing products.

The fish fillet market was built up in this country by the universal installation of frozen food cabinets in food stores everywhere so that fillets could be kept frozen until housewives picked them up in the stores, Sandoz said. The big importations from Canada, Iceland, and Newfoundland, where wages and dollar valuations cut the production cost to less than 60 percent the production cost in Astoria, have taken advantage of the new marketing methods.

During the last 2 years, foreign fisherman sold 50,000,000 pounds of fillets a year in the American market. Prior to the recent war, these imports amounted to less than 10,000,000 pounds a year.

ASTORIA ONCE AHEAD

Astoria was the major United States producing center for wartime fillets, the greatest portion going to the armed forces. But those days are gone—Astorians hope not forever.

In a survey of the fishing boat situation, a committee of fishermen told the Astoria Chamber of Commerce Friday that 15 boats valued at more than \$300,000 which in the past have fished only for soupfin sharks for oil have been forced to give up because the price received for soupfin shark livers dropped from \$11.50 a pound to \$3.50 a pound in one year.

Soupfin sharks are scarce, difficult and costly to catch, and represent the most valuable product of the sea aside from ambergris, they said. Nets for catching these fish cost \$6,000 to \$10,000 each and often are lost at sea.

At the same time, they said, 15 drag boats which had been fishing for bottom fish for the fillet industry have been forced to leave Astoria, while 33 other drag boats have gone into the poorer business of catching scrap fish for mink farmers.

BIG INCOME LOST

They estimated the Astoria community has lost an income from this local fishing fleet amounting to \$2,100,000 a year. This is in addition to the loss of a large fleet of Puget Sound boats which has been based at Astoria in recent years.

The delegation of fishermen—Fred Wolleson, Veikko Romppanen, A. J. Conger, Jr., Al Mather, and Art Paquet—said that 40 to 50 percent of the income to the bottom

draggers came from dog-shark livers of low potency, which have fallen from a market value of 80 cents a pound to 10 cents during the last 2 years, with the result that many drag boats have been tied up.

Canada, according to the fishermen, supplies 80 percent of the imported fillets, which are prepared and packed by cannery workers who receive 83 cents an hour, the equivalent in United States money of 70 cents an hour, compared with the going hourly wage of \$1.18 at Astoria.

They quoted the CRPA as reporting that 500 people had been thrown out of work in its plants. Statements reporting losses in business were compiled by the other fish companies, the marine equipment suppliers, and the shipyards.

PORT MONEY WASTED

William F. MacGregor, member of the Port of Astoria Commission, declared the expenditure of \$2,000,000 by the Federal Government for the construction of a new and large fishing boat mooring basin at Astoria "will appear to be a ridiculous waste of public funds if the fishing industry is permitted to disintegrate."

Three fishery concerns have closed down during the last year. One of these was the Washington Laboratories, which closed its Everett office also, and threatens to close its main plant at Seattle unless something is done to save the fish-oil business. Washington Laboratories was one of the Nation's largest suppliers of vitamin A from fish oils until last year.

"This crippling effect upon our fishing industry as the result of our foreign trade policies is the same old story that can be heard from Blaine, Wash., to Rockland, Maine," said Wolleson.

Mr. Speaker, as reported in the Sunday Star, March 19, the State Department's prestige is at the lowest ebb in its history. Constantine Brown, a foremost analyst in public affairs, in an article discussing the Department in the Star analyzes public mistrust of the Department and feels that faulty diplomacy is to blame. The Department is the prime mover in the whole foreign program which is undermining the industries of the Pacific Northwest particularly, being the Department responsible for the failure of our Government to give some recognition and support to the lumber, flour milling, and fishing industries. It is the State Department that is permitting these major industries to be scuttled by the importation of foreign products produced under low-wage scales and brought into the United States at low cost by reason of depreciated currencies and the manipulations of those countries in utilizing Marshall-plan dollars at our taxpayers expense, to undersell the American producers.

Mr. Brown calls attention to the fact in this article that there are more employees in the State Department than at any time in our history. In 1939 the State Department had a little more than 7,000 persons among its personnel and now it has about 24,000. Yet with all of these employees the Department seems to spend its time in working out schemes to help competitors of American producers and American workers to the betterment of the foreign interests and the detriment of our own home people.

I include the Brown article as a part of my remarks:

STATE DEPARTMENT PRESTIGE AT LOWEST EBB IN HISTORY—ANALYST SAYS PUBLIC NOW DISTRUSTS THE GOVERNMENT'S TOP AGENCY AND FEELS FAULTY DIPLOMACY IS TO BLAME

(By Constantine Brown)

At no time in the history of the United States has the State Department been viewed in a more unfavorable light than it is today.

In the past this Department of the Government, which is responsible for the conduct of our foreign relations with other countries, was the target of light criticism.

Its members were described as striped-pants diplomats, mimicking their British colleagues. Others called them cookie-pushers because of the popular belief that our diplomats, at home and abroad, were principally engaged in attending teas and cocktail parties.

Whenever a Congressman wanted to make headlines without stirring up controversy he used the State Department as his punching bag. He could poke fun at its officials and be sure to draw popular applause. The fact that the Department had a substantial number of hard-working and able men, who were devoting their time and energies to difficult and thankless tasks, was generally overlooked.

Also overlooked was the fact that the personnel of the foreign service no longer was drawn from the ranks of the sons of rich men, but, like the armed services, came to represent a cross section of the American people.

Since World War II, however, the State Department has undergone a radical change.

While Franklin D. Roosevelt was President the State Department "was in the White House." That is to say, all the major policies of the United States were determined by the Chief Executive himself. It was his constitutional right to do so.

HULL WAS BYPASSED

But more than that, Mr. Roosevelt after 1940 failed frequently to keep his Secretary of State informed of what went on between himself and the heads of other foreign governments which eventually became our allies. Secretary of State Hull's pride frequently was hurt when he heard days or weeks afterward about decisions or commitments made by the White House on which he should have been consulted and was not.

Mr. Roosevelt's reason for failing so frequently to keep his Secretary of State posted on his maneuvers was that there were too many leaks in the State Department and it was not a good security risk. This is illustrated in the memoirs of Admiral William D. Leahy, "I Was There," when he recounts some of the events which preceded our invasion of North Africa.

Admiral Leahy asked the State Department, on orders from President Roosevelt, to resume sending shipments of food for the people of North Africa and unoccupied France. State Department officials were reluctant to engage in such an act of appeasement. Admiral Leahy says in his memoirs that he could not tell them the real reason for this order, since the State Department was not a good security risk and could not be informed about this first major military operation, which required top secrecy.

President Truman has far less reliance in his own knowledge of international affairs than his predecessor had. Hence, he leaves the handling of these matters entirely in the hands of the men at the head of the State Department.

Mr. Truman never interfered with the activities of James F. Byrnes when he was conducting the Nation's foreign affairs. When the Chief Executive became dissatisfied with his Secretary of State, for reasons other than

his handling of international matters, he replaced him with General Marshall, who had carte blanche from the President to do what he pleased.

After General Marshall's retirement Mr. Truman called to the top post in his Cabinet Dean Acheson, whom he has given the same latitude as he gave General Marshall. And as long as Mr. Acheson's conduct of the Nation's foreign affairs does not depart from the line of Mr. Truman's domestic policies, he can do whatever he pleases without fear of interference from his superior in the White House.

PUBLIC GROWS UNEASY

In other words, the State Department is back in the State Department.

But for the first time in our history there is widespread fear and suspicion of our diplomatic establishment, not only among Members of Congress, and the handful of intellectuals, and other persons who are particularly interested in foreign affairs, but among the rank and file of American people.

The man in the street in the United States has become aware, possibly subconsciously, that the nightmarish situation has been caused by faulty handling of our diplomacy. He knows that we won the war on the European and Far Eastern battlefields and is aghast to find that now, 5 years after the war's end, we may be on the threshold of another deadly conflict in which we may become the principal actors and the main target of attack by Russia.

The American public for many years took little if any interest in foreign affairs. That was the job of those fellows in Washington. Since the war, however, it has become more diplomacy-conscious because of the turn of world events. At the same time the man in the street feels that something has gone wrong with those fellows in Washington.

There is no question that the sentencing of Alger Hiss by a court in New York for what, in fact, is high treason has created real concern in the country. The American people have been hearing for some years now that the administration—and the State Department, in particular—was packed with Communists and fellow travelers.

ACHESON CAN BE PUZZLING

When Alger Hiss was found guilty the reaction was strong. The average American can find no excuses for Benedict Arnolds. And people began to wonder whether our present international headaches were not due to the fact that in the past the Government had tolerated such persons, who pilfered the files of the State Department to provide a foreign country—which now our bitterest enemy—with top-secret documents.

Our disaster in China, which was of little concern to the bulk of the American people, began to be appraised at its real value. The State Department's issuance last summer of a white book defending the policy which caused the Chinese debacle now is regarded as a trick of "those fellows in Washington."

To top this uneasiness of the American people came the ill-considered statements by the Secretary of State himself that he did not intend to turn his back on Alger Hiss, the man whom an unbiased American jury had found guilty of perjury.

Mr. Acheson is not easily understood by the rank and file of American people. Unquestionably he is one of the most brilliant and at the same time most controversial Secretaries of State we have ever had. Mr. Acheson is a liberal, but not in the new sense of being a pinko and Russian lover. He has a deep contempt for "stupid, narrow-minded people," and frequently places most Members of Congress in that category.

He does not bargain with his conscience, even if the whole world tells him he is wrong. He is a man of undoubted courage.

For instance, he did not hesitate to admit publicly that he had been wrong in his policies toward Spain. He didn't seek alibis but frankly stated that he was wrong—a rare feat for a man in public life. But he prides himself on reaching conclusions by himself and not through the advice of his counsellors or any other outsiders.

He stuck his neck out in the Alger Hiss case, although everybody around him urged him to keep his peace. He was told that if he wanted to jeopardize his job that was his own business. But to create further suspicion and distrust about the State Department was much more than hurting himself as a public official. Not only did he refuse to listen to such advice, but in a spirit of typical "Acheson defiance" he reiterated his sentiments about Hiss and for good measure implied in his statement before a Senate committee that those who did not understand his sentiments were ignorant (a diplomatic way of describing stupidity).

DEPARTMENT'S PRESTIGE LOW

The prestige of the State Department throughout the country today is at its lowest ebb in history. In Congress even the most faithful supporters of the administration have a hard time supporting the State Department's policies and its top-ranking officials. The feeling that there are still other "Alger Hisses" in top Government positions is more widespread than ever.

Why, it is asked, does Mr. Acheson insist on spending large amounts of money in Far Eastern countries which could be toppled over by the Russians and their Chinese Communist associates almost overnight? At the same time he remains adamant against spending even small sums in supporting the Nationalists' military effort on Formosa, where the Nationalists have proved that they can stop a Communist invasion.

Why, it is asked, has Mr. Acheson "influenced" the Joint Chiefs of Staff, allegedly through the Commander in Chief, in declaring that Formosa is of no real strategic importance, when so many Senators and Representatives have been told, off the record, that it is of real value in Pacific defense?

The public, which knows little about Mr. Acheson's character, wonders whether the "Hisses" in the State Department influence the Secretary's judgment.

Questions of treason are sensational and reach the general public much more easily than complex international problems. But together they make for general distrust and fear that we are being sold down the river. This comes at a time when unity of the American people is more important than ever.

The State Department, of course, is top heavy. There are many more employees in that organization than there ever were in the past. In 1939 the State Department had a little more than 7,000 persons among its personnel. Today there are about 24,000.

In 1939 when the State Department's public relations unit was providing the American people with real information—and not propaganda handouts intended to affect public thinking—there were only 11 persons, including two messengers, in that organization. Today there are several hundred men and women and real information is as scarce as rain on the Sahara Desert.

(Mr. ANGELL asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. CASE of South Dakota. As I understand, the conference report eliminates the advance of some funds for con-

struction on the Randall Dam on the Missouri River flood-control program. Was any consideration given to the possibility that new funds to be carried in the regular appropriation bill might be made available for immediate expenditure in order that the contractor might proceed with his work?

Mr. TABER. That question has never been brought up to the Committee on Civil Functions, but we can give it consideration. The only thing there is about it is that we gave the Randall Dam a very fair amount of money a year ago and they should have proceeded with that in mind. It is almost impossible for us to meet our obligations in other directions and treat the rest of the country fairly and still give a large amount of money to one particular project.

Mr. CASE of South Dakota. I am not disposed to quarrel with the position of the committee in that respect. The rest of the country must be treated fairly. I was just wondering, because my understanding was that the money proposed for the item was to permit the contractors to go ahead and use the machinery which was on the ground. The report was that one contractor was pulling off the job. I hope that the money that is to be made available in the regular bill may be made immediately available upon the approval of the bill.

Mr. PLUMLEY. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Vermont.

Mr. PLUMLEY. In answer to the question the gentleman from South Dakota has asked, I think the position he has taken has been substantiated by the Appropriations Committee and by others who have recognized his wishes in the premises.

Mr. LECOMPTE. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Iowa.

Mr. LECOMPTE. I understood the gentleman to say to my colleague, the gentleman from Iowa, that there is money in the regular appropriation bill for European corn-borer control, but I was under the impression that that money is for experimental stations and not for actual insect control.

Mr. TABER. I cannot go into the detail of what that is. I am not informed.

Mr. LECOMPTE. The gentleman has nothing to say on that point?

Mr. TABER. No.

Mr. CANNON. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. YATES.]

(Mr. YATES asked and was given permission to revise and extend his remarks.)

Mr. YATES. Mr. Speaker, this conference report includes a measure of relief from the drastic cut that was administered to the Office of the Housing Expediter last year which did much to cripple rent control regulation. It still will not permit effective operation of that agency because of the \$4,000,000 appropriation that is presented in this conference report the sum of \$2,600,000 is

earmarked to go toward payment of terminal leave for the employees of the Office of the Housing Expediter. That leaves the sum of \$1,400,000 to carry on the work of the Office of the Housing Expediter for the entire Nation until June 30, 1950, when the present Rent Control Act expires. While not in so many words sounding the death knell of rent control, as did the amendment proposed by the Senate Appropriations Committee in looking for a liquidation of the agency, this appropriation goes far in the same direction.

Mr. NICHOLSON. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. May I ask the gentleman why the Expediter needs more money when there are five or six States that have done away with rent control entirely? Last year the Expediter came in here and got 3 or 4 million in one of these special appropriations. He ran out of money in February or March, and then we had to make up the difference to carry his agency from February until July.

Mr. YATES. If the gentleman will examine the Rent Control Act and the appropriation for the Office of the Housing Expediter for the current year, he will discover that the Housing Expediter received less money this year to carry on his functions than he had received the previous year, to administer an act which increased his duties over those outlined under the previous year's act. Of course, he was compelled to come back to Congress for a deficiency appropriation.

Mr. Speaker, urban areas such as the city of Chicago are still in urgent need of rent control. I recognize that throughout the Nation, vast progress has taken place in constructing homes and rental units and that in many areas, the need has disappeared for regulation. Not so, in the city of Chicago. We are far behind in our building program and have not yet attained the free and fair housing market which will permit the lifting of rent controls.

I believe I am revealing no confidence when I point out the fact that the appropriations bill for the year 1951 with which the Committee on Appropriations is now dealing, contains no appropriation for the Office of the Housing Expediter. It could not be otherwise because there is no authorization act in existence which would permit an appropriation for such office beyond June 30, 1950. Therefore, I believe it is of the utmost urgency that the House Committee on Banking and Currency undertake hearings as quickly as possible upon legislation to extend rent controls. I see the distinguished chairman of that committee on the floor and I hope that he will listen to my statement.

I believe it is urgent that such hearings be undertaken as quickly as possible because if time be permitted to go by until we approach the end of the present Rent Control Act, we will find that we have no appropriation under which the act may operate. The liqui-

dation of the Office of the Housing Expediter, which to all intents and purposes is compelled by the lack of appropriations, will almost have been accomplished and it will require a much greater expenditure to place the office on an effective working basis again.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield.

Mr. MARCANTONIO. I think we might as well face the facts. It is obvious by this cut in funds and by the fact that nothing is being done at this time that the wheels have been greased to ride rent control out of existence. We note now up in Albany the New York Legislature up there and the Governor are planning to take New York out of Federal rent control, so that the landlords can have a happy holiday in New York State. Federal rent control will be killed unless the tenants of this country make themselves heard through their respective Congressmen.

Mr. YATES. May I point out to the gentleman that we in the State of Illinois have a very difficult situation. Our State legislature is not in session and will not reconvene until January, 1951. The rent-control act which the city of Chicago tried to put in effect some years ago was held unconstitutional by the Supreme Court, so we have no legislation which would protect the people of our city in the event that Federal rent controls expire.

Mr. McGRATH. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield.

Mr. McGRATH. Is it not a fact that since the gentleman from New York [Mr. MARCANTONIO] made reference to the situation in Albany, that the Democratic Party is united in favor of rent control for the State of New York?

Mr. YATES. To the best of my knowledge that is true.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield.

Mr. MARCANTONIO. We have not heard the story of the deals that have taken place. When we get all of the stories, then we will exculpate those who are not guilty, and place the blame on those who are guilty.

Mr. YATES. I assume that your internecine warfare will be continued in the chamber of the New York State Legislature.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield.

Mr. JAVITS. Is it not a fact that the question of rent control is not doctrinaire or political, but just is, first, that there is a law on the books and that it ought to be fully administered with enough money to do it; and second, the potent need for its continuance exists in the country?

Mr. YATES. I do not think there is any question about that. The gentleman is entirely correct.

Mr. MARCANTONIO. Mr. Speaker, if the gentleman will yield, it is the gentleman's Governor, Thomas Dewey, who is trying to take New York State out of Federal rent control and the gentleman from New York cannot dodge that one, either.

Mr. CANNON. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado [Mr. ASPINALL].

(Mr. ASPINALL asked and was given permission to revise and extend his remarks.)

Mr. ASPINALL. Mr. Speaker, I wish to join in the position and the remarks made by the gentleman from Wyoming [Mr. BARRETT] and the gentleman from Colorado [Mr. HILL] and the gentleman from Idaho [Mr. SANBORN] in their colloquies with the distinguished gentleman from New York [Mr. TABER] regarding the appropriation for insect control in our western forests which appropriation was eliminated by the conference committee report. I wish to bring to the attention of the Members of the House that there is \$32,000,000 worth of Englemann spruce timber at stake in the forests of Colorado, and that at this time, an expenditure of \$2,885,000 as carried by the Senate bill would have been of very material advantage to the United States.

Mr. Speaker, I would like to ask the distinguished chairman a question, and that was my purpose for asking for this time. Am I correctly advised that there will be a supplemental deficiency appropriation bill which will be studied soon?

Mr. CANNON. In response to the gentleman's inquiry, this bill is intended to carry only urgent deficiencies appropriations where extreme need exists. We expect to begin work on the next deficiency bill following our return after the Easter recess. So far as the individual is concerned, we have provided three-quarters of a million dollars for the spruce budworm in Douglas fir and white fir, because of the urgent need arising from the necessity for immediate attention at this season of the year.

But we are ready to consider the subject further, and if there is justification for additional expenditure we are in position to hold further hearings in connection with the last deficiency bill.

Mr. ASPINALL. And at that time the people who are asking for these appropriations to combat the spruce bark beetle will have a chance to be heard?

Mr. CANNON. Certainly. Opportunity will be afforded all who desire to be heard.

Mr. ASPINALL. Mr. Speaker, I support a deficiency supplemental appropriation requested by the Forest Service for use by them in their program to control various insects which are attacking certain forests areas of the West. I especially support the proposed expenditure of \$4,500,000 in addition to the amount now available which is needed presently in five of the Western States. I know personally the situation which exists in my district in Colorado where it is proposed to spend almost \$3,000,000 of these additional moneys immediately to help stem the ravages of the spruce bark beetle, which insect has started an attack on an entirely new area in my district within the last few months. I have travelled extensively through these vast forests which are now threatened. I have fished in them and I have hunted in them—just as I have in the White River Forest where the important Englemann spruce resources have been prac-

tically annihilated as of this time. Also, great areas of the Routt National Forest have already been destroyed.

It would be a great catastrophe not only to the economy of my district but the economy of Colorado and the Nation if the Holy Cross National Forest, Grand Mesa National Forest and Gunnison National Forest should be destroyed by this insidious pest. I can assure you that it is a sickening sight to stand in the great wooded area formerly populated by the beautiful Englemann spruce and view the masses of dead trees covering the mountain sides.

Last year, I had the pleasure of visiting the Smoky Mountain National Park. Among many of the beautiful remembrances I have of that trip—one is not so pleasing and that is the remembrance of the dead chestnut trees which still stand in that area to remind one of the devastating work that has been done by injurious fungi in that locality.

In further support of the proposed program, I wish to add that the control of five important insect epidemics in five Western States will require an expenditure of \$4,500,000 in addition to the amount now available and the amount included in the regular estimates for the fiscal year 1951. Work will be done primarily on lands owned by the Federal Government, although three of the projects provide for work on State and privately owned lands which will be carried on cooperatively with appropriate significant contributions from cooperating agencies. Two of these insect epidemics are located in Colorado.

The project which overshadows all others in its magnitude both as to extent of damage and cost of control is the Englemann spruce bark beetle epidemic which is active on an extensive area in the national forests of Colorado. Developments during the 1949 season convince specialists of the Department of Agriculture that, unless an aggressive control program is carried out during the 1950 season, the outbreak will assume such magnitude that it will be impossible to control and will ultimately kill practically all the mature spruce timber in Colorado, southern Wyoming and northern New Mexico. The loss of Englemann spruce would be particularly tragic to the State of Colorado where it makes up about 60 percent of all the timber in the State.

Losses in Colorado have already been disastrous. One division of the White River National Forest has been completely devastated by this beetle with a loss of 3,000,000,000 board feet of timber. An additional 1,000,000,000 feet of timber has been killed in other areas. This loss is estimated at \$8,000,000. Green timber threatened immediately and in the future is valued at well over \$24,000,000.

The possibility of establishment of a paper and pulp plant in Colorado to utilize a large part of this timber in the near future is good. This plant can be perpetuated indefinitely if the green spruce forests are protected from further depredations by this beetle. The establishment and continuous life of such a paper mill will be in an area presently with but very little industrial develop-

ment. Termination of such an enterprise would mean the displacement of 600 wage earners and their dependents and the abandonment of a plant costing at least \$15,000,000.

Recreation is a big business in Colorado. Destruction of the extensive green spruce forests of Colorado would seriously affect this business. Recreation values in the Rocky Mountain National Park and in many other parts of the mountain area of the State would be adversely affected.

Furthermore, watershed values will be adversely affected if such a large quantity of timber is killed over thousands of acres. The headwaters of the Colorado River would be directly adversely affected.

A satisfactory and practical method of killing this beetle in the standing trees has been developed by the entomologists of the Department of Agriculture. The undertaking in Colorado alone is a large one and involves the spraying of 725,000 trees during the 1950 operating season at an expenditure of \$2,885,000. In view of the large size of the job, much preparatory work will be required and early authorization of the project is highly desirable. Hence, I urge early enactment of the President's request for \$4,500,000 of additional funds for forest pest control to be available immediately and to remain available until December 31, 1950.

The SPEAKER. The time of the gentleman from Colorado has expired.

Mr. CANNON. Mr. Speaker, I yield 2 minutes to the gentleman from Montana [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Speaker, the gentleman from Colorado anticipated some questions I was going to ask of the chairman. I am glad to note that he has given us his promise that in the next supplemental deficiency bill which will be before this House in a few weeks, he will look into the matter of appropriations necessary for the control of the bark beetle.

I wish to call the attention of the House to the fact that there are four areas in this country which are very much interested in having funds allowed for this particular insect infestation. There is the area in Oregon and Washington which is almost entirely on non-Federal lands; there is the area represented by my friend and colleague the gentleman from Colorado [Mr. ASPINALL], in the Colorado Rockies, which is the most difficult of all to administer and where approximately a little more than \$3,000,000 is needed to take care of the insect situation; then there is the northern Idaho area where \$255,000 is needed; and there is the Grand Teton and Yellowstone National Parks, where approximately \$270,000 is needed. This infestation affects not only Idaho and Wyoming, but also Montana, and we feel that a sum should be contained in the bill to eradicate the bark beetle so that our drainage areas in the Absaroka and Madison River country can be cleared and that the beauty for which our country is famous can be maintained.

I want to repeat that except in Oregon and Washington these infestations are entirely within federally owned forests.

Consequently, with this minor exception no non-Federal funds are available. The infestations are like a cancerous growth in that they must be removed entirely or the operation will be a failure. For that reason an attempt at partial control this year would be very unwise. The complete operation called for by the total amount of the estimates should be provided for, and it is my hope that the Deficiency Committee at its next meeting will give very, very serious consideration to this problem which means so much to us.

Supplementing this hasty generalization I submit these further details for your careful consideration.

The break-down on page 3 of the Senate Report No. 1287 shows four major infestations of bark beetles are involved, as follows:

In Oregon and Washington, Douglas-fir country, \$880,000. This is State and privately owned land as well as national forests. Consequently cooperative funds are being provided to help fight the attack on non-Federal lands—\$320,000. It is understood there is general agreement on the part of both the Senate and House that this fund be provided in this appropriation. It is unquestionably a very important project, involving tremendous values. No serious questions have been raised about it.

A Colorado Rockies infestation. Control cost \$3,095,000. Almost 800,000 trees are now infested. But endangered additionally are practically all the timbered stands in the Rocky Mountains of Colorado. This is practically all in the national forests and Rocky Mountain national parks. A previous infestation in the White River section of this country completely devastated it. A dead, gray, tombstone-like forest of snags is left. Two very great values will almost inevitably be lost if this insect attack is not stopped early this year. First, commercial timber values of \$34,985,000. Negotiations are far along toward the establishment of a new industry on the west slope of the Rockies to utilize this timber. The Forest Service says that two large companies have spent much money investigating this situation and that both are expected to submit bids for the stumpage within the next 2 weeks. The resulting pulp mill will not only utilize the timber, but mainly will be of great benefit to this underdeveloped country. The second value is considered by many people of even greater importance. The beauty of the Rocky Mountain National Park and of the Colorado Rockies generally would be wrecked. This country provides the only reasonably accessible cool mountain retreat to millions of people in the adjacent plains States. It is a highly valued scenic spot to people from all parts of the Nation. It just must not be allowed to become a vast graveyard of whitened-gray snags.

The Grand Teton and Yellowstone National Parks and surrounding territory in Idaho and Wyoming are immediately endangered. Also in the path of this insect attack is the great belt of timber north of Yellowstone in the Absaroka and Madison River drainages in Mon-

tana. Needed is \$270,000. Again, two great values are at stake. The timber resource is one of the few commercial resources available in this great scope of country. Already some of the timber is being cut for shipment to the pulp mills in the Lake States. Locally situated industries to utilize this resource should follow eventually. Such work-providing opportunities should not be wasted. The immediate values which have been recognized by the—literally millions—people who have visited the Yellowstone and Grand Teton National Parks are the great scenic values. The beautiful blanket of timber which adds so much to the attractiveness of these great parks is Lodgepole Pine. This is the species which is now being attacked by the bark beetle, in this territory. The effect of such an attack, unless it is stopped, will be the same as in Colorado. Travel in Yellowstone would be like through a graveyard of gray, granite tombs. Unless there is an unexpected act of God it is quite inevitable that this infestation would turn this country into a very despondent area—in contrast to its present highly appreciated, beautiful environment.

A northern Idaho infestation in white pine on the Coeur d'Alene and Clearwater National Forests. Cost to control, \$255,000. Estimated value of the timber threatened, \$22,000,000.

(Mr. MANSFIELD asked and was given permission to revise and extend his remarks.)

Mr. CANNON. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. PHILLIPS].

(Mr. PHILLIPS of California asked and was given permission to revise and extend his remarks.)

Mr. PHILLIPS of California. Mr. Speaker, I call your attention to the fact that the conference report on this urgent deficiency bill comes before us without printed copies being available to the membership so that we may know the terms of the appropriation items. I call your attention to the fact that I did not withhold unanimous consent to the request to bring it up now, although it contains at least one item of major interest to everyone in this House who comes from a district in which there are reclamation projects. I did not withhold consent because a greater part of this money comes out of a subcommittee on which I serve; and since it is for the atomic-energy program and for certain other programs, the implementation of the veterans' educational program in particular, I felt the item about which I am going to talk to you now would not, in itself, justify holding up all the other items. I do want to call your attention to the point I now raise.

The Coachella Valley County water district item is the one to which I refer. It is one of the best-developed projects of any with which I am familiar and one to which the Interior Department looks forward with the best hopes of repayment of its contracts. The farmers of the area obligated themselves to make the repayments necessary under the contract. The contract was reopened in 1947 with the concurrence of the farmers

and the amount raised to \$13,500,000,000. The farmers have a firm contract with the United States Government for that project to be finished. The Bureau of Reclamation says that the money is being exhausted; the farmers of the valley say "No," it has not been exhausted, and the project could be finished within the present contract. The Subcommittee on the Interior Department considers this a controversy between the Bureau and the water district. Instead of saying that the Bureau should finish the job under the terms of a firm contract which has no escape clause, the subcommittee did rather a curious thing, not according to the precedents of that subcommittee, of striking out all of the money with which the project was to be concluded.

Consequently, on the other side of the Capitol a Member of the other body, who also served on the conference committee, put in \$750,000 to implement the contract authorization, without which unit No. 7 could not be concluded.

We have reached a very curious stage in the relationship of the Federal Government with its own people, if, first, the implementation of a contract authorization is not to be recognized in a conference committee. The chairman of the committee, the gentleman from Missouri [Mr. CANNON], has just said that only those items were recognized which were urgent. Is there anything more urgent than to keep people working on a unit which is almost finished, repayment on which will begin as soon as it is finished, rather than making it necessary for the contractor to stop work and dissipate all his trained men and his equipment; second, the United States Government has a firm contract with any group of people in the United States without an escape clause, and tries to withdraw and say: "We will not do any more work until you pay us more money."

Finally, if this matter is as urgent as I say it is and as others will say it is before this discussion is ended, is it not desirable that action be taken now rather than remove the entire amount out of an appropriation bill and leave the matter hanging in the air?

It is also important to understand that disinterested public accountants, on investigating the reasons for the exhaustion of the funds, have discovered over \$400,000 wrongly charged to this project, and an overestimate, of the cost to conclude the project, of about \$500,000. I call this to the attention of my friends from other reclamation areas who have projects now being built by the Bureau of Reclamation. If this can happen in a district estimated to cost only \$13,500,000, I urge you to look to the accounting in your districts costing many times that figure. This is not by any means a local problem, any more than a \$3,100 a day overhead is a local problem. It suggests an investigation.

The SPEAKER. The time of the gentleman from California has expired.

Mr. CANNON. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. PHILLIPS of California. I thank the chairman.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS of California. I yield to the gentleman from Iowa.

Mr. JENSEN. I simply want to concur in what the gentleman from California, who represents the district in which the Coachella Valley project is located, and say that the explanation the gentleman has given is just as near accurate as anyone could possibly state it. I concur in the position of the gentleman and hope this Congress will see to it that simple justice is done to those people of the Coachella Valley water district, which has done everything in the world to cooperate and to get this job completed for the good of that valley, the State of California, and the Nation.

Mr. PHILLIPS of California. I thank the gentleman.

Mr. CANNON. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Speaker, my distinguished colleague from Illinois [Mr. YATES] has rendered a real service to the people of Chicago and of other urban centers in calling the attention of the Members to the necessity of the continuance of rent control for at least another year and the necessity for immediate action in order that authorization may be given in connection with the appropriations.

I do hope that the distinguished chairman of the Committee on Banking and Currency, of which I am a freshman member, will find it possible to give an immediate hearing to the bill introduced by the gentleman from Illinois, our dean [Mr. SABATH]. I appreciate that the committee has been very busy. It has been working every day and there have been many matters of importance that it was necessary for the committee to consider, including housing and urgently needed enlargement of available funds for CCC, but now that these measures are close to being out of the way I hope the committee promptly can take up the matter of rent control. I do feel that there is nothing of more importance to the people of Chicago and of other large cities than legislation which will extend rent control for another year. The tragedy is that private industry, while it has established an unprecedented record in residential construction during the past year, has because of the high cost of labor and materials, as well as other factors, been unable to produce homes within the means of a large number of families to purchase or to rent. The end of rent control at this time would result in forcing many families on the street with no shelter to find within their means. It would not be fair to place these families in that position. In another year we can hope the situation will be changed so that we can relax the controls. This end will be hastened if the cooperative housing bill, which comes before the House this week, is passed.

Mr. DOLLINGER. Mr. Speaker, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from New York, a fellow member of the Banking and Currency Committee.

Mr. DOLLINGER. I am in complete accord with the gentleman's views and feel that the Nation as a whole needs rent control. The State of New York under Governor Dewey is attempting to do away with Federal rent control by the passage of a State rent-control bill. This bill, if passed, would prove the death knell of rent control in New York. It would throw the tenants of New York to the mercy of the real-estate wolves at the end of the State elections this year. It is for that reason that we must reenact Federal rent control and I will again join my colleague in the committee to fight for a strong Federal rent-control law.

Mr. O'HARA of Illinois. I appreciate the comment of the gentleman.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from Kentucky, my distinguished and beloved chairman.

Mr. SPENCE. I anticipate that we will have hearings on rent control before very long. There have been some measures we have had to get out of the way and on which we have rules for their consideration. In the near future, however, I think the Committee on Banking and Currency will consider renewal of the Rent Control Act.

Mr. CANNON. Mr. Speaker, I yield 1 minute to the gentleman from Colorado [Mr. MARSALIS].

Mr. MARSALIS. Mr. Speaker, I desire to ask the distinguished chairman of the Appropriations Committee what are the intentions of that committee with reference to the San Luis Valley project in Colorado, a deficiency appropriation having been placed in this bill by the other body but disallowed in the conference report.

Mr. CANNON. Mr. Speaker, answering the question of the gentleman from Colorado, we held hearings on the two items to which he refers, but as they were not considered of sufficient urgency to be included in a bill of this character, they were not included. We shall be glad to give them further consideration when we take up the regular deficiency bill on our return to the House following the Easter recess.

Mr. MARSALIS. It has been my information that this project will have to close down in the very near future unless some additional appropriations are forthcoming soon, so I earnestly hope that the committee will give this matter most serious consideration when they take it up for further study.

I should also like to join my colleagues from the West in urging that the full amount approved by the Bureau of the Budget for insect and pest control be allowed in the next deficiency appropriation bill to be considered by the committee.

(Mr. MARSALIS asked and was given permission to revise and extend his remarks.)

Mr. CANNON. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 4: Page 2, at the top of the page, insert the following:

"OFFICE OF THE SECRETARY

"Effective on the first day of the first month following enactment of this act, the appropriation for salaries of officers and employees contained in the Legislative Branch Appropriation Act for the fiscal year 1950 shall be available for the employment of an aide to the Vice President at the basic rate of \$2,400 per annum."

Mr. CANNON. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 12: Page 3, line 20, insert:

"AGRICULTURAL RESEARCH ADMINISTRATION

"BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE

"Control of emergency outbreaks of insects and plant diseases

"For an additional amount for 'Control of emergency outbreaks of insects and plant diseases,' \$2,200,000, to remain available until September 30, 1950; and the limitation under this head in the Department of Agriculture Appropriation Act, 1950, on the purchase of airplanes, is increased from 'three' to 'six.'"

Mr. CANNON. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. CANNON moves That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows:

In line 6, of the matter inserted by said amendment, strike out "\$2,200,000" and insert in lieu thereof "\$1,000,000."

In line 7 of the matter inserted by said amendment beginning with the semicolon strike out all down through and including the word "six" in line 10.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 13: Page 4, line 5, insert:

"CONTROL OF FOREST PESTS

"FOREST PEST CONTROL ACT

"For an additional amount for 'Forest Pest Control Act,' \$4,500,000, to remain available until December 31, 1950."

Mr. CANNON. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. CANNON moves that the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$750,000."

Mr. CANNON. Mr. Speaker, I yield 5 minutes to the gentleman from Idaho [Mr. SANBORN].

Mr. SANBORN. Mr. Speaker, I believe that in this item the committee has made a grave mistake. I believe that the Government in this case is in the same position that a farmer is who is taking care of his crops. A farmer who neglects

his crops is certainly doing injury to himself and to his neighborhood.

In this case the pine beetle is menacing thousands of acres of valuable timber: One spot near Yellowstone and another one in northern Idaho, two of the finest pine forests left in the country. The Government owns at least \$22,000,000 worth of white pine in northern Idaho that is menaced by the pine beetle. Unless that is taken care of in this deficiency appropriation it will be too late to take care of the situation this year, which leaves the forests to the menace of the pine beetle for another year. If any of you were able to see the effect of the pine beetle, you could see that the pine beetle scourges the forests and leaves them dead and worthless; in fact, less than worthless, and unless the pine beetle is taken care of now the Government will be in danger of losing many millions of dollars worth of this timber. There are many, many places to cut appropriations to good advantage but this is not one of them. The granting of the full amount of this appropriation is exceedingly good business.

Mr. BARRETT of Wyoming. Mr. Speaker, will the gentleman yield?

Mr. SANBORN. I yield to the gentleman from Wyoming.

Mr. BARRETT of Wyoming. I want to commend the gentleman for his fine statement. As I understand the remarks made by the chairman of the committee, there is nothing in the conference report providing any funds for the attack on the mountain pine beetle, which you and I are concerned with in our States, or with the spruce beetle in Colorado and in Wyoming.

I wonder if the gentleman will yield to me to ask the chairman of the committee this question:

If the facts warrant it and it is shown clearly that there is an emergency, that we need these funds before the 1st of July, to carry on a fight against the mountain pine beetle and the spruce beetle, and also the grasshoppers, can we have a hearing before the deficiency committee to make a showing that these funds are wholly inadequate?

Mr. CANNON. We shall be glad to give the gentleman a hearing.

Mr. BARRETT of Wyoming. The Bureau of the Budget sent up a request to the Speaker of the House asking for \$2,200,000 to fight grasshoppers and \$4,500,000 to fight these forest insects that are attacking the spruce in Colorado and the mountain pine in Wyoming and Idaho and spruce-bud worm attacking the fir forest in Washington and Oregon.

The conference report indicates that we are to get only \$1,000,000 for the grasshoppers and nothing for the pine and spruce in Wyoming and Colorado.

Mr. CANNON. The committee has already begun work in preparation for the next deficiency bill. We shall be glad to have the gentleman appear or anyone else who wants to be heard on that estimate.

Mr. SANBORN. In this connection, may I say there is just one time to treat these beetles, and that is in the spring of the year. The sum should be adequate to take care of the total opera-

tion. It is absolutely worthless to do a partial operation. If the sum that is being suggested in this amendment, which is only \$750,000, I believe, were scattered out over the various projects that need attention, the money would be wasted. However, if an adequate sum of money were appropriated in this amendment, then the situation could be met and this valuable timber could be saved which otherwise will be lost.

Mr. WHITE of Idaho. Mr. Speaker, will the gentleman yield?

Mr. SANBORN. I yield.

Mr. WHITE of Idaho. May I ask the chairman of the Committee on Appropriations what plans this committee has to protect the pines from the pine beetle?

Mr. CANNON. There are two items of this character in the budget estimate. One requests an appropriation of \$880,000 for control of the spruce budworm in Douglas fir and white fir and the other asks \$285,000 for control of the spruce bark beetle. Seven hundred and fifty thousand dollars is provided for the first item; nothing is carried in the conference report for the second item in the Engelmann's spruce.

Mr. WHITE of Idaho. There is not a cent in there to protect the most valuable stand of white pine in western Montana and Idaho. The gentleman mentioned Engelmann's spruce and white and red fir, but the white pine is not mentioned.

Mr. CANNON. The gentleman will find the tabulation on page 48 of the hearings held February 16, 1950.

(Mr. SANBORN asked and was given permission to revise and extend his remarks.)

The SPEAKER. The question is on the motion offered by the gentleman from Missouri.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 16: Page 4, line 17, insert the following:

"FLOOD CONTROL, GENERAL (EMERGENCY FUND)

"For an additional amount for 'Flood control, general (emergency fund),' as authorized by the Flood Control Act of 1948 (Public Law 858, approved June 30, 1948), \$4,000,000, to remain available until expended."

Mr. CANNON. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. CANNON moves that the House recede from its disagreement to the amendment of the Senate numbered 16 and concur in the same with an amendment as follows: In lieu of the sum named in said amendment insert "\$1,000,000."

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

HOUSING ACT OF 1950

Mr. MCSWEENEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 505 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in or-

der to move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration of the bill (H. R. 7402) to assist cooperative and other nonprofit corporations in the production of housing for moderate-income families; to amend the National Housing Act, as amended; and for other purposes. That after general debate which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. McSWEENEY. Mr. Speaker, I yield one-half hour to the gentleman from Illinois [Mr. ALLEN] and retain one-half hour for my own use. I yield myself 7 minutes.

Mr. Speaker, House Resolution 505 makes in order the bill H. R. 7402, which provides housing for the middle-income classes in America, and also extends the Housing Act, which is so important at this time.

I believe all of us have considered housing to be one of the very, very important things which confronts us here in the House of Representatives, and I am convinced of that in my own mind. I know that the best fight that we can make against the encroachment of communism is by having each person in America own as much of America as possible. In other words, every person who has even an equity in a home is a better citizen by having that one item of his own.

So we have been greatly interested in making available to the people of the middle-income groups houses—houses that are good houses and houses which will last through the life of the mortgage—houses that men and women with their children will be proud to own.

This bill provides that type of housing for the people of America.

I have been somewhat worried, as an ex-serviceman, over the fact that the ex-servicemen have had a little higher rate of interest to pay than do the people who will be able to take advantage of this legislation. This legislation provides money at the rate of three or more percent. But this money is to be lent to cooperatives. There naturally will be some administrative costs, so that the rate of interest to the borrower pretty nearly equal to the amount paid by the ex-serviceman for his Federal loan.

This type of housing will make it possible for a man to be in the category, one might say, of a renter. He has long enough time to pay for the housing so that he can, in reality, almost be classed as a renter until he is able to take title to his property.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. McSWEENEY. I yield.

Mr. YATES. I am interested in what the gentleman has had to say about homes for veterans. Will not this bill permit much greater progress toward

housing our veterans than they have had opportunities for having in previous legislation?

Mr. McSWEENEY. I am glad the gentleman from Illinois brought that up. I do believe it will help the ex-servicemen get housing, and I think it will give a wider spread than we have had in the past.

Mr. YATES. I would like to call the attention of the gentleman, if he will yield for a further statement, to a speech which was made by the great Governor of the State of Illinois a few days ago with respect to housing for veterans where he said he wanted shortly to change the expression which is now prevalent among many people: "America—the land of the free—no homes for the brave."

Mr. McSWEENEY. The gentleman from Illinois has called our attention to a very apt expression. In my neighboring city of Akron we were told about a year ago that the highest percentage of ownership of homes in the country was reached in that city. They estimated there were 67 percent of the people in that city who at least had an equity in a home. This was a very high rate. But even with this high rate, we realized that at least 33 percent of the people were renters.

We have heard the statement that there are plenty of homes. In my own district, and I am sure it is true in the districts of my colleagues, there are plenty of homes available in certain categories. They are in the higher-priced group. The tragedy is that many of them are up for immediate sale, but cannot be bought over a long-term program. This is working a severe hardship upon the men and women of what may be called the middle-income group and especially as the distinguished gentleman from Illinois stated, the ex-serviceman who has come back and is anxious to own a home.

The thing I am especially interested in is that the bill does provide for good suitable housing. I think it is unfair to allow a man or woman, because of desperation, to buy a house which may not survive the term of the mortgage. Under this bill there is to be sufficient supervision so that when a person buys a home he or she will have assurance that the house will be built of such material and with such craftsmanship that it will survive the length of the mortgage which many opponents of the bill claim is too long. In reality that gives the person who purchases the house a chance to pay it out almost in the form of rent.

Another important fact is that we continue the title under the FHA Act which, as we all know, has been such an important item in bringing about a building program in America which has really been effectual. The FHA has made it possible not only to build, but for men and women who have owned older homes and who, during the war, had to neglect those homes because of the lack of labor and material, to go ahead under the FHA and rehabilitate their older homes.

So we are making an appeal to you to grant this rule so that we can consider this very important bill. It is an

open rule, one that allows all possible chance of debate, granting 4 hours for the discussion and an opportunity to offer any germane amendment. There is no effort on the part of the committee in any way to curtail your consideration of a bill fairly that we feel means so much in America at this time. The thing that I should like in my humble way to express to my colleagues is this—I have taught political economy and I would like to stress the fact—to do something for the well-being of the people, something that lies in what we call a social effort is not socialism; in other words, socialism is a form of government; but an effort to improve the well-being of our people is truly in conformity with the preamble of our Constitution. I am as far away from any socialistic thought as any other Member of this House, but I do believe it is permissible for us to do the things that are expressed in the preamble of our Constitution. We can with a clear conscience, therefore, provide for the general welfare.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

The SPEAKER. The gentleman from Illinois is recognized for 30 minutes.

Mr. ALLEN of Illinois. Mr. Speaker—

Mr. COX. Mr. Speaker, will the gentleman from Illinois yield?

Mr. ALLEN of Illinois. I yield.

Mr. COX. Mr. Speaker, I have asked the gentleman to yield in order that I may make my position on this resolution clear. As a member of the committee, I voted for the granting of the rule for the consideration of the housing bill, and I made my position clear before the committee at that time, that while it was agreeable to me to report the rule, I reserved the right to vote against the bill. I expect to vote for the adoption of the rule, but if it is adopted, I expect to oppose the bill. I think it is a fatuous sort of measure, that it is a venture that we ought not to make at the present time.

Mr. ALLEN of Illinois. Mr. Speaker, my able colleague from Ohio has explained the provisions of the rule.

Mr. Speaker, this resolution makes in order the consideration of H. R. 7402, a bill to assist cooperative and other nonprofit corporations in the production of housing for moderate-income families; to amend the National Housing Act, as amended; and for other purposes. It is an open rule providing for 4 hours of general debate, after which it is open for amendments under the 5-minute rule.

I am opposed to this bill for many reasons. First, because as far as I have been able to learn, there has been little demand for its passage by our people back home. I ask you Members if you know any great demand for it, except these schemers here in Washington—job holders who want to keep their jobs. I ask you—how many letters have you received from back home? Very few.

We must all admit that immediately after the war there was a great shortage of housing caused not by the unwilling-

Mr. WILLIAMS. Would remarks on the conference report itself be in order at this time?

The VICE PRESIDENT. They would not. Any debate relating to the point of order is in the discretion of the Chair. The Chair does not desire to hear either arguments or statements not relating to the point of order at this time.

Mr. WILLIAMS. I should like to speak to the conference report, not to the point of order.

The VICE PRESIDENT. That is probably on the merits of the conference report.

Mr. ANDERSON. Mr. President, I hope there will be no remarks addressed to the conference report itself. The distinguished Senator from Louisiana has agreed that we will not go into that question now, by reason of the agreement heretofore entered into with the distinguished Senator from Illinois [Mr. DOUGLAS].

Mr. ELLENDER. That is the reason, Mr. President, I suggested that the discussion should not require more than 5 minutes.

The VICE PRESIDENT. Under the rules of the Senate, when a substitute for a House bill is adopted by the Senate, and the matter goes to conference, there has always been allowed a little more leeway, either in the House or Senate, in the adoption of modifications to the bill by conferees. But the rule specifically provides, even in that case, that no matter not contained in either bill shall be admitted by the conferees. Reasonable modifications which are germane to a provision either of the House or the Senate measures or to a complete substitute may be included in a report by the conferees. But extraneous matter which is wholly beyond the purview of the conferees, which is not contained in either the House bill or the Senate substitute, may not be included in the conference report. Neither the House bill nor the Senate substitute had any reference whatever to an allotment of land on account of green bugs. So that seems to the Chair to be a complete and new provision in the conference report. Therefore, the Chair sustains the point of order.

Mr. ELLENDER. Mr. President, I move that the Senate further insist on its amendments, ask a further conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The VICE PRESIDENT. Without objection, the motion is agreed to, and the Chair appoints the Senator from Oklahoma [Mr. THOMAS], the Senator from Louisiana [Mr. ELLENDER], the Senator from Illinois [Mr. LUCAS], the Senator from North Carolina [Mr. HOEY], the Senator from Vermont [Mr. AIKEN], the Senator from North Dakota [Mr. YOUNG], and the Senator from Minnesota [Mr. THYEL], conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, communicated to the Senate the intelligence of the death of

Hon. RALPH E. CHURCH, late a Representative from the State of Illinois, and transmitted the resolutions of the House thereon.

REGULATION OF NATURAL GAS

The Senate resumed the consideration of the bill (S. 1498) to amend the Natural Gas Act, approved June 21, 1938, as amended.

Mr. DOUGLAS obtained the floor.

URGENT DEFICIENCY APPROPRIATIONS— CONFERENCE REPORT

Mr. HOLLAND. Mr. President, will the Senator from Illinois yield, in order that the distinguished senior Senator from Tennessee [Mr. McKELLAR] may bring before the Senate a conference report on House bill 7207, making appropriations to supply urgent deficiencies in certain appropriations?

Mr. DOUGLAS. I shall be glad to do so; I think it will be a delightful interlude.

Mr. McKELLAR. Mr. President, I thank the Senator from Illinois very much.

I submit a conference report on House bill 7207, making appropriations to supply urgent deficiencies in certain appropriations, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER (Mr. JOHNSON of Texas in the chair). The report will be read for the information of the Senate.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 15, 17, 18, 19, and 20.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 14, and 21, and agree to the same.

The committee of conference report in disagreement amendments numbered 4, 12, 13, and 16.

KENNETH McKELLAR,
CARL HAYDEN,
RICHARD B. RUSSELL,
STYLES BRIDGES,
CHAN GURNEY,

Managers on the Part of the Senate.

CLARENCE CANNON,
JOHN H. KERR,
ALBERT THOMAS,
JAMIE L. WHITTEN,
JOHN TABER,
R. B. WIGGLESWORTH,
KARL STEFAN,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the request for the immediate consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. McKELLAR. Mr. President, I move the adoption of the report.

Mr. LONG. Mr. President, I should like to ask the distinguished Senator what change has been made on page 4, in line 21 of the bill. It is my impression that the conference report reduces the figure of \$4,000,000 to \$1,000,000 at

that point. The amendment affected by that change was submitted by the Senator from Louisiana, and it provides funds for emergency flood-control work which must be done.

Mr. McKELLAR. That is true. The Senate voted \$4,000,000 for the emergency control work, but the House conferees were adamant. The best we could possibly get was an allowance of \$1,000,000. It is understood that this item can be taken up later on, in connection with the next deficiency appropriation bill.

Mr. LONG. Do I correctly understand that there will be a subsequent deficiency appropriation bill?

Mr. McKELLAR. Yes; there will be a later bill.

Mr. LONG. And do I also correctly understand that the emergency work of this sort which must be done will be considered in connection with that later bill?

Mr. McKELLAR. The Senator is correct about it; there will be a later bill.

Mr. LONG. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. MILLIKIN. In the bill as it was passed by the Senate there was an authorization for \$4,000,000 for forest pest control, and in the same general connection there was also an additional item of \$2,500,000. Those items included the control of beetles which are destroying our western forests. That is a problem of special urgency in the State of Colorado, where vast damage has already been done. I understand that the same problem exists in other forest areas.

The distinguished senior Senator from Colorado [Mr. JOHNSON] is not now in the Chamber; but I know that if he were here, he would join in my request for information as to why that item was dropped from the conference report.

Mr. McKELLAR. It was not dropped. What happened was that the Senate adopted such an amendment. By the way, as the bill was originally passed by the House of Representatives, it did not contain such a provision. But in the Senate committee, and subsequently in the Senate, an appropriation of \$4,500,000 was voted for the control of forest pests, including spruce budworms and other pests. But the conferees on the part of the House were adamant in regard to that item. We simply could not get more than the \$750,000.

Mr. MILLIKIN. Mr. President, I should like to ask the distinguished Senator from Tennessee whether the senior Senator from Colorado and the junior Senator from Colorado and possibly other Senators who are interested in the matter may hope that we can bring up this matter again.

Mr. McKELLAR. I think that unquestionably it should be brought up again. The committee was very doubtful whether \$750,000 would be sufficient to permit the performance of the work that is required to be done. Undoubtedly, if it is not sufficient, when the matter is brought up again a further appropriation will be voted by the Senate.

Incidentally, let me say that the members of the conference committee on the part of the House of Representatives rather indicated that if the pests were still a problem or if this amount were found to be insufficient, they would give the matter their very best consideration at the time of the next appropriation bill.

Mr. MILLIKIN. That is very heartening, because this is truly an emergency. We are losing vast areas of fine forest land through lack of sufficient funds to bring about control of pests which are devastating the forests.

Mr. McKELLAR. The evidence before the Senate committee was to that effect; at least, it convinced me, and I think it convinced the other members of the committee. We did not have a great deal of trouble in having the Senate adopt the amendment providing for a larger appropriation for this item. But in the conference we had to yield in part to the House.

Mr. MILLIKIN. The junior Senator from Colorado feels heartened by the Senator's assurance that the matter can be brought up at the time of the next deficiency appropriation bill.

Mr. McKELLAR. Yes; I invite the Senator to come before the committee, and the clerk of the committee will notify the Senator when to come.

Mr. MILLIKIN. It is always a pleasure to be there, and we shall be delighted to bring up this matter later, when we hope it will also receive the favorable consideration of the House.

Mr. McKELLAR. We shall do our best.

Mr. MILLIKIN. Mr. President, will the Senator yield for a further question?

Mr. McKELLAR. I yield.

Mr. MILLIKIN. I notice the committee dropped the item for the San Luis Valley project in Colorado, in the sum of \$630,000, involving the completion of a dam, the construction of which is under way. There is real need for getting ahead with the work. I was wondering, on behalf of myself and the senior Senator from Colorado, what happened to it?

Mr. McKELLAR. It had not passed the House originally, and the House conferees were unwilling to agree to it. The best we could get out of them was a compromise agreement to take it up in connection with the second deficiency bill, which will probably pass and be in conference about May 1. I think it would be very wise, if the Senator would come before the Senate committee at that time to make a further statement about it.

Mr. MILLIKIN. May I indulge the reasonable hope that the Senate committee again will give us the same solicitous attention they did before?

Mr. McKELLAR. I should think there would be no doubt about it.

Mr. MILLIKIN. May I ask the distinguished Senator whether he feels that, when the item comes before the House again, the prospects of getting it through are not too gloomy?

Mr. McKELLAR. I am hopeful, and that is all I can say until action is taken.

Mr. MILLIKIN. I deeply appreciate the responses of the distinguished Sena-

tor, and I know that my own gratitude over his courtesy would be shared by the senior Senator from Colorado, if he were present.

Mr. HOLLAND. Mr. President, I regret to note that apparently the item for the accomplishment of speedy repairs to the levees around Lake Okeechobee, which were eroded very heavily in the storms last fall, has been stricken from the bill by the conference committee. The Senate will recall that the item was for \$1,000,000, and that the distinguished chairman of the Appropriations Committee, along with the Senator from Florida, strongly supported the item when it was under consideration by the Senate.

I should like to ask the distinguished Senator at this time—and my question is not only on my own behalf, but also on behalf of my senior colleague, who is equally concerned about the matter—whether there is an unalterable opposition on the part of the House conferees, or whether they are merely asking that the matter come up in the next deficiency hearings, to be considered upon the supplemental estimate, which the Senator will remember came in too late for hearing before the House committee, as the first deficiency measure was being considered by the House committee?

Mr. McKELLAR. I may state to the Senator that the Lake Okeechobee item is in substantially the identical situation of the San Luis Valley project of Colorado and the Lewiston Orchards project in Idaho. The House Members were not obdurate about it in the least. They even suggested it might be best to give it consideration in the second deficiency appropriation bill. I am sure that that is what will be done. I may say to the Senator, as I said to the Senator from Colorado, I am hopeful of having it included in the next bill. It will certainly go into the next bill on the Senate side.

Mr. HOLLAND. I thank the distinguished Senator.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. McKELLAR. I am glad to yield.

Mr. DWORSHAK. I should like to have information regarding amendment No. 13, relating to the control of forest pests. The Senate provided an appropriation of \$4,500,000. What was the final compromise on it?

Mr. McKELLAR. Seven hundred and fifty thousand dollars.

Mr. DWORSHAK. As the entire amount?

Mr. McKELLAR. As the entire amount.

Mr. DWORSHAK. Will the Senator kindly advise me what was done with the two items in the Senate bill providing \$270,000 for the mountain-pine beetle in eastern Idaho and western Wyoming?

Mr. McKELLAR. They were omitted. The House conferees would not agree to them at all.

Mr. DWORSHAK. It is difficult for me to understand why those two deletions were made, because they wholly and completely deal with timber in

forests owned by the Federal Government. It so happens that last September I made an inspection tour of 3 days in the area affected by one of the items. I saw many thousands of valuable pine trees dying because of the insidious attacks of pine beetles. If there is to be a loss of several millions of dollars in valuable pine forests owned by the Federal Government, it certainly does not appear to be justified at this time to eliminate the small appropriation of an emergency nature, and then have the Federal Government experience excessive losses later on.

Mr. McKELLAR. That was the argument of the Senate conferees. The Senator from Arizona [Mr. HAYDEN], who, I note, is in the Chamber, gave his attention to this matter. In conference all the Senate conferees insisted very strongly upon the Senate amendment, but the item as it appears in the report was the best we could get. We have hope for a better result in the future in connection with the second deficiency bill.

Mr. HAYDEN. Mr. President, if I may interrupt, the Senate conferees urged that the entire amount was supported by a budget estimate; but it was not included in the original budget estimate submitted to the House in connection with this particular deficiency appropriation bill. Therefore it had not been considered by the House committee. We were told that immediately after the Easter recess the House would take up a further deficiency bill, and that at that time, with a budget estimate for these items, they would be given careful consideration; but, not having been considered by the House committee, and having only general information, they felt they would not be justified in agreeing to these appropriations which had been approved by the Senate.

Mr. DWORSHAK. Mr. President, will the Senator yield further?

Mr. McKELLAR. I will yield in a moment. I suggest to the Senator, though I do not know that he needs any suggestion at all, that if I were in his place, I should certainly see that the budget estimate was presented to the House and its Appropriations Committee. It would make our way very much easier indeed, and I believe it would result in getting an appropriation as the Senator desires.

Mr. DWORSHAK. Mr. President, will the Senator yield further?

Mr. McKELLAR. I yield.

Mr. DWORSHAK. I appreciate the assurance on the part of the distinguished chairman of the Senate Committee on Appropriations, but I also want to stress the point that it was very vital that the appropriation be included in the urgent deficiency bill, because it is necessary for the Forest Service officials to make their plans early in the spring to combat the pine beetle. If there were a delay until May or June, and a comparable appropriation were then made available, it probably would defeat the entire program of the Forest Service for the current calendar year.

Mr. McKELLAR. I may say to the Senator that is exactly what was argued by the Senate conferees before the conference committee. But the Senator has

served on conference committees, and he knows it is a question of give and take. They were simply against it, and that is all there was to it, as my friend, the Senator from Arizona, knows, since he also was on the conference committee.

Mr. DWORSHAK. I appreciate the attitude on the part of the Senators from Tennessee and Arizona. Having served on the Appropriations Committee, I appreciate that sometimes difficulties are encountered in the matter of procedure which make it hard to defend a certain position. I regret very much that the conferees agreed to submit a report with those two deletions. In the final analysis, the Federal Government will save a few thousand dollars now, but later many millions of dollars of valuable pine owned by the Government will probably be jeopardized.

Mr. TAYLOR. Mr. President, I should like to make a brief statement relative to the conference report which is under consideration. I cannot refrain from expressing my disappointment with reference to certain items which have been deleted from the urgent deficiency appropriation bill, as to which, if the appropriation had been made, we would save far greater expenditures in the future. For example, the Lewiston orchard project in Idaho has been under construction for several years. On a number of occasions the work has come to a standstill because of appropriations running out. There is a reclamation office located there which has to be continued at an expense of several thousand dollars a month. The contractors remove their equipment and have to come back again. If we could have the amount which had been approved by the budget, \$245,000, I believe, we could have finished the project. As it is, the appropriation will again run out, the contractors will remove their equipment, and there will have to be many thousands of dollars appropriated with which to finish the project. One contractor, rather than see the taxpayers suffer the extra expense of his removing his equipment, went ahead and finished his contract at an expense of \$60,000, out of his own pocket. He will have to wait for his money. He is not a rich man. He is a small contractor, and will have to carry the burden for the taxpayers.

Relative to the fund for insect-pest control, I cannot see the wisdom of permitting our forests to be killed by insects, when an appropriation of a few hundreds of thousands of dollars at the present time could save an expenditure of millions of dollars later on. It will be fruitless at that time.

There is another item which I should like to mention, while I am on my feet. There is a new poisonous weed which has made its appearance in the West, called halogeton. It is said to have come from central Asia. If I were one who saw red behind every bush, I might say the Reds had sent it over to this country to cause us further consternation, because this particular weed is a terrible killer. It is getting started, and if we could get an appropriation for its eradication, for which I am going to ask in connection with the next deficiency bill, although I am not very much en-

couraged after the deletion of the other items which I have mentioned—

Mr. McKELLAR. It was not before either House. I invite the Senator's attention to the fact that \$750,000 was appropriated for the eradication of the budworm, the bark beetle, and other insects which have been mentioned. We shall do the best we can when the question comes up again.

Mr. TAYLOR. I should like to continue for a moment, if the Senator will permit me. It is difficult to get all Senators here at once, and I may talk to some Senators at this time to whom I may not be able to talk at another time.

Only an expert can distinguish halogeton from the ordinary thistle. It is very poisonous. Thirteen hundred sheep got into a patch of it and 1,000 of them died within 2 hours, the rest of the herd died when the rancher got them back to his home ranch, and he was wiped out.

I am in favor of economy, Mr. President, but I think we would do well to build up our own country and preserve our own national resources. I am more convinced as time goes on that when a show-down occurs and it comes to a matter of a shooting war, which I hope will not happen, we are going to have to depend on our own resources to back the men in the field. They are going to be our men, if we are to accomplish anything worth mentioning. I am hopeful that the Congress will, by some miracle, get over the idea of economizing on everything which is for the benefit of our people in order to build up our country and conserve our resources and make us strong. We hardly ever say a word against appropriating any number of millions of dollars to be given to Chiang Kai-shek so he can buy an estate in Virginia, or to be sent to Indochina for a fake government over there, or to all the other places around the world in which we are building up armaments for a potential enemy to take over.

That is the way I feel about it, Mr. President, and I wanted to get it off my chest at this time.

Mr. McKELLAR. I think the Senator had better take it up with the House committee and get it off his chest, because that committee is the one which is standing in his way.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 7207, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
March 20, 1950.

Resolved, That the House recede from its disagreement to the amendment of the Senate No. 4 to the bill (H. R. 7207) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes, and concur therein:

That the House recede from its disagreement to the amendment of the Senate No. 12 and agree to the same with an amendment, as follows: In line 6 of the matter inserted by said amendment, strike out "\$2,200,000"

and insert in lieu thereof "\$1,000,000"; in line 7 of the matter inserted by said amendment beginning with the semicolon, strike out all down through and including the word "six" in line 10.

That the House recede from its disagreement to the amendment of the Senate No. 13 and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$750,000."

That the House recede from its disagreement to the amendment of the Senate No. 16 and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$1,000,000."

Mr. McKELLAR. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 12, 13, and 16.

The motion was agreed to.

REGULATION OF NATURAL GAS

The Senate resumed the consideration of the bill (S. 1498) to amend the Natural Gas Act, approved June 21, 1938, as amended.

Mr. DOUGLAS. Mr. President, I yield 5 minutes to the distinguished senior Senator from New York [Mr. Ives], with the understanding that I shall not lose my right to the floor.

The PRESIDING OFFICER. The Chair is advised by the Parliamentarian that the Senator can yield 5 minutes only by unanimous consent.

Mr. DOUGLAS. I ask unanimous consent that I may yield 5 minutes to the distinguished senior Senator from New York.

The PRESIDING OFFICER. Is there objection?

The Chair hears none, and the Senator from New York may proceed.

AMERICAN POLICY IN THE NEAR EAST— ISRAEL AND THE ARAB COUNTRIES

Mr. IVES. Mr. President, this Nation's policy toward Israel has never been distinguished by its consistency. On the contrary, that policy has been so characterized by repeated reversals of position and shifts of purpose that "vacillating" has been the term most often used to describe it.

We now have at hand fresh evidence that our policy with respect to the Israeli-Arab conflict remains marked by its habitual inconsistency. This evidence is provided by our State Department's attitude with regard to the rearmament of the Arab nations by Great Britain.

When, on August 4, 1949, the United Nations Security Council voted to lift the arms embargo previously imposed on the states involved in the fighting in Israel, the Honorable Warren Austin, American Delegate to the Security Council, gave solemn assurance that it was not the policy of this Nation to tolerate any development in the matter of supplying arms to the nations of the Middle East, which would foster an armaments race in that part of the world. Said Ambassador Austin at that time:

So far as the United States is concerned, it does not intend to allow the export of arms which would permit a competitive arms race in the area.

This statement presumably represented official American policy as of August of last year. It was a policy apparently concurred in by the British Government,

whose Security Council representative stated:

We, for our part, would not be in favor of middle eastern states acquiring war matériel in excess of their legitimate defense requirements.

Since that time, the states of Egypt, the Hashemite Kingdom of Jordan, and Iraq—the very states which were the most active and aggressive participants in the Arab war on Israel—have secured from Great Britain quantities and types of arms and armaments which patently are far beyond what is demanded by the requirements of the maintenance of internal security and of reasonable self-defense. It is reported reliably that whole squadrons of the latest model jet planes, substantial shipments of heavy artillery, and large numbers of powerful tanks are pouring into these states from the United Kingdom in ever-increasing quantities. Moreover, the receipt of this war matériel is being accompanied by open references to a "second round" and inflammatory threats of throwing the Jewish people into the sea.

The result of such a situation is that the new State of Israel, quite understandably alarmed, is seeking to bolster its own military defenses. An armaments race has in fact, and contrary to the pious expressions of the official representatives of this nation and Great Britain last August, been allowed to develop.

The State Department is now citing as justification for its supine acquiescence in the British rearmament of the Arab states the strategic importance of the Middle East in the cold war between the western nations and the U. S. S. R.

If that is now our official position, we can clearly see that an even more absurd inconsistency has arisen from the conduct of our affairs in the Middle East.

Is not the State of Israel in this strategic region? Is not Israel as important a global crossroads as Jordan, or Iraq, or Syria? Does not Israel, therefore, warrant at least a part of that consideration which is being so lavishly bestowed by the west on the Arab states?

Great Britain sells new weapons to old customers, but refuses arms and training facilities to Israel. And the American State Department persists in interfering with the purchase of war matériel here by that state, in the creation of which we played such a conspicuous role. Is this consistent, or even sensible? Certainly neither the negative part of the Arab states in World War II nor their record in their aggressive war on Israel can justify such gross discrimination on the basis of military considerations.

The last thing that the new state of Israel desires is a renewal of the conflict with her Arab neighbors. Israel has neither the time, the resources, nor the inclination for war. Ever since the termination of hostilities, the Israeli leaders have been stressing Israel's need for a peace which will permit her to attack the almost overwhelmingly difficult problems which beset her.

If, however, Israel sees all around her the Arab nations girding for a second round, she must, of course, rearm, too.

Obviously, no alternative exists. Any other course would be the way to national suicide.

If, for reasons of global strategy, we are to condone and encourage the rearmament of the Arab states of the Middle East, it should be apparent even to the most unmilitary layman, or to the Department of State of the United States, that our policy should be to permit Israel the same degree of rearmament. A preponderance of military strength by either party to the conflict within the Middle East may mean all-out war within that important region—war which, it is generally agreed, would benefit no nation except the Soviet Union.

For all these reasons, therefore, I insist that it is only equitable and realistic for our State Department to adopt a more affirmative position on this question than it has demonstrated thus far. Arms must be made available to Israel just as they are being placed at the disposal of the Arab states. Both our boasted spirit of fair play and our intelligent self-interest demand it.

I thank the able Senator from Illinois.

Mr. BREWSTER. Mr. President, will the Senator yield for a question?

Mr. IVES. The Senator from New York does not have the floor.

The PRESIDING OFFICER. The Senator from Illinois has the floor. Does the Senator from Illinois yield to the Senator from Maine for the purpose of asking a question of the Senator from New York?

Mr. DOUGLAS. I ask the Senate's consent to yield for a brief period of time so that the Senator from Maine may address a question to the Senator from New York.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Maine may proceed.

Mr. BREWSTER. I did not hear all of the Senator's remarks, and he may have referred to the point which I have in mind. If so, I wish to apologize. However, in connection with the furnishing of arms, which is being done, as the Senator from New York knows, to Egypt, Iran, and Iraq, but not to Israel, did the Senator from New York call attention to, or does he see any significance in the fact that during the last war, when the German invaders were at the very gates of Cairo, the Egyptians refused even then to raise a gun or fire a shot?

Mr. IVES. In reply to the question of the Senator from Maine, the Senator from New York would say that he did not make specific reference to that point, but did make reference to the general attitude of the Arab states during the war, which indicated that that had been their general over-all attitude.

Mr. BREWSTER. Would that not be indicative of the fact that we would be rearming countries which, even when their own borders were invaded by an enemy determined to dominate them, would not raise a gun in their own defense, and that we would be apparently calmly assuming that they would be one of the bulwarks of our defense, and were to be the custodians of some of our most indispensable raw materials?

Mr. IVES. That was the essence of the remarks made by the Senator from New York, and the Senator from New York is grateful to the Senator from Maine for his observations. The Senator from New York again thanks the distinguished Senator from Illinois.

REGULATION OF NATURAL GAS

The Senate resumed the consideration of the bill (S. 1498) to amend the Natural Gas Act, approved June 21, 1938, as amended.

Mr. DOUGLAS. Mr. President, when I secured the floor late yesterday I was faced with the fact that except for the brief opening statement made by the Senator from Colorado [Mr. JOHNSON], the proponents of the Kerr bill had not advanced any direct, coherent, or connected series of arguments for their measure. While we have had three full days of debate upon the Kerr bill, the proponents have apparently been sitting back and not presenting their case. Seven opponents of the measure have taken the floor and, as they have done so, have been subjected to a barrage of questioning. But, aside from the senior Senator from Colorado, the proponents of the measure have not themselves presented arguments for the bill in any coherent and concrete manner.

Mr. President, I shall not presume to pass judgment as to why the supporters of this proposed legislation have not taken the floor in defense of this measure. In any event, yesterday afternoon I felt that in the interest of clarity, fair play, and Christian charity, I should devote my time then to stating the arguments which might be advanced in support of the Kerr bill. In the time which I then had available, I was able to take up only two arguments which the proponents of this bill might advance; namely, first, that it was designed to end confusion; and, second, that the Kerr bill is sharply differentiated from the Moore-Rizley bill of unhappy memory. I tried to state those two arguments accurately and fairly. But, inasmuch as those two contentions are, to my mind, unsound and lead to wrong conclusions, I also felt compelled to show the fallacy of those arguments.

Mr. President, I am prepared either this afternoon or at a later date to mention other arguments in support of the bill and in a similar fashion, to show their incorrectness, should the proponents of the bill continue to be coy. It is sometimes valuable to inoculate a person with a small dose of the disease against which one is trying to protect him, in order that his system may become immune to further attack. Should the proponents of this measure continue to hold back and not present their arguments, I may be compelled to hold the floor for a brief additional time on their behalf, and then to try as best I may to demolish the arguments which they themselves should have brought forward.

But, Mr. President, today I should like to discuss this measure itself and to indicate the reasons why in my judgment it is a bad bill and why the Senate should not pass it, and why, if by any chance the

[PUBLIC LAW 468—81ST CONGRESS]

[CHAPTER 77—2D SESSION]

[H. R. 7207]

AN ACT

Making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1950, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply supplemental appropriations for the fiscal year ending June 30, 1950, and for other purposes, namely:

LEGISLATIVE BRANCH

SENATE

For payment to Minnie E. Reed, widow of Clyde M. Reed, late a Senator from the State of Kansas, \$12,500.

OFFICE OF THE SECRETARY

Effective on the first day of the first month following enactment of this Act, the appropriation for salaries of officers and employees contained in the Legislative Branch Appropriation Act for the fiscal year 1950 shall be available for the employment of an aide to the Vice President at the basic rate of \$2,400 per annum.

CONTINGENT EXPENSES OF THE SENATE

Miscellaneous items: For an additional amount for miscellaneous items, exclusive of labor, \$200,000.

HOUSE OF REPRESENTATIVES

For payment to Nora Bates, widow of George J. Bates, late a Representative from the State of Massachusetts, \$12,500.

For payment to Mary Putzel Bland, widow of Schuyler Otis Bland, late a Representative from the State of Virginia, \$12,500.

For payment to Clara Pronskey, sister of Martin Gorski, late a Representative from the State of Illinois, \$12,500.

INDEPENDENT OFFICES

ATOMIC ENERGY COMMISSION

The authorization under this head in the Independent Offices Appropriation Act, 1950, to enter into contracts for the purposes of the appropriation therein made, is increased from "\$387,189,628" to "\$466,074,628".

OFFICE OF THE HOUSING EXPEDITER

SALARIES AND EXPENSES

For an additional amount for "Salaries and expenses, Office of the Housing Expediter", \$4,000,000, of which \$2,600,000 shall be available for the payment of terminal leave only.

TENNESSEE VALLEY AUTHORITY

For an additional amount for "Tennessee Valley Authority", \$11,682,500, to remain available until expended; and the limitation under this head in title II of the Independent Offices Appropriation Act, 1950, on the amount available for administrative and general expenses of the Corporation, is increased from "\$3,699,000" to "\$3,845,000".

VETERANS' ADMINISTRATION

READJUSTMENT BENEFITS

For an additional amount for "Readjustment benefits", \$720,000,000, to remain available until expended.

DEPARTMENT OF AGRICULTURE

AGRICULTURAL RESEARCH ADMINISTRATION

BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE

Control of Emergency Outbreaks of Insects and Plant Diseases

For an additional amount for "Control of emergency outbreaks of insects and plant diseases", \$1,000,000, to remain available until September 30, 1950.

CONTROL OF FOREST PESTS

FOREST PEST CONTROL ACT

For an additional amount for "Forest Pest Control Act", \$750,000, to remain available until December 31, 1950.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS

CORPS OF ENGINEERS

FLOOD CONTROL

FLOOD CONTROL, GENERAL (EMERGENCY FUND)

For an additional amount for "Flood control, general (emergency fund)", as authorized by the Flood Control Act of 1948 (Public Law 858, approved June 30, 1948), \$1,000,000, to remain available until expended.

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

WELFARE OF INDIANS

For an additional amount for "Welfare of Indians", \$803,000.

DEPARTMENT OF LABOR

BUREAU OF EMPLOYMENT SECURITY

RECONVERSION UNEMPLOYMENT BENEFITS FOR SEAMEN

For an additional amount for "Reconversion unemployment benefits for seamen", \$168,000.

SEC. 2. No part of any appropriation contained in this Act, or of the funds available for expenditure by any corporation included in this Act, shall be used to pay the salary or wages of any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 3. This Act may be cited as the "Urgent Deficiency Appropriation Act, 1950".

Approved March 27, 1950.

